The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 65 | Shanghai, China, Saturday, July 15, 1933 | Number 7

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 38 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; HOH CHIH-HSIANG, Asst. Editor; TRYPHON KU, Advertising Dept.; F. K. CHAO, Business Dept.

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 38 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

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DOES THE NEW U. S. SECURITIES ACT APPLY IN CHINA?

CONSIDERABLE speculation has been aroused in local American-Chinese commercial and financial circles regarding the possible application in Shanghai of the new U. S. Securities Act which President Roosevelt signed on May 27. All American-registered companies operating in China are subject to American laws as applied and administered by the U. S. Court for China in accordance with American exterritorial jurisdiction, but considerable doubt seems to exist whether the floating of new companies in the future would be subject to the restrictions of the new Congressional enactment which was designed to prevent fraud. The new law, according to an account appearing in the June 12 issue of *Time* Magazine, was drafted by Dr. Felix Frankfurter professor of law at Harvard. The report in *Time* suggested the possibility that the new legislation was so strict it might make it practically impossible for any corporation to raise new capital, at least this was the opinion offered by numerous attorneys who apparently feared this eventuality. But President Roosevelt, in signing the Bill was optimistic regarding its salutary results in re-creating confidence on the part of the American people in the business structure of the country. President Roosevelt declared, "It gives me much pleasure to sign the Rayburn-Fletcher Securities Bill....for this measure at last translates some elementary standards of right and wrong into law....Events have made it abundantly clear that the merchandising of securities is really traffic in the economic and social welfare of our people. Such traffic demands the utmost good faith and fair dealing on the part of those engaged in it. If the country is to flourish, capital must be invested in enterprises. But those who seek to draw upon other people's money must be wholly candid regarding the facts on which the investor's judgment is asked....The new law will also safeguard against the abuses of high-pressure salesmanship in security flotations. It will require full disclosure of all the private interests on the part of those who seek to sell securities to the public....The act is thus intended to correct some of the evils which have been so glaringly revealed in the private exploitation of the public's money. This law and its effective administration are steps in a program to restore some old-fashioned standards of recti-

tude. Without such an ethical foundation economic well-being cannot be achieved."

The main points in the Securities Bill as outlined in the New York *Times* on May 28 are as follows,

It requires filing with the Federal Trade Commission, and for transmission to prospective investors, the fullest possible information concerning new security issues. This sworn statement includes, among other things, "all commissions or discounts paid or to be paid, directly or indirectly" by the issuer to the underwriter.

The statement must include a full description of all factors surrounding the physical insuance of the securities and must show the names of officers and directors of the issuing company, the names of holders of 10 per cent or more of prior securities issued by that company, a detailed description of the business and financial condition of the company, and the salaries of its officers.

This information shall be public record, except that the Trade Commission is authorized to hold in confidence records of contracts the publication of which would affect the welfare of the company.

After the sworn statement is filed, twenty days must elapse before the security projected can be sold or even promoted.

Even after the Trade Commission has approved the issue, the company is not relieved of further liability, for at any time in the future evidence of untrue statements may be made the basis of criminal prosecution and for civil suits by investors.

Appeals from findings of the commission may be taken to the Federal courts.

Similar restrictions are imposed on the flotation of foreign securities in the United States, except that liability in such cases rests with the domestic fiscal agent of the issuer.

Penalties for disstatement run up to five years' imprisonment or $5,000 fine, or both, in addition to possible adverse judgments in civil suits.

American companies now operating under U. S. exterritorial jurisdiction in China are of two classes, state incorporations or Federal incorporations, the so-called federal incorporations being formed under the provisions of the China Trade Act which was passed by Congress in 1922 and later amended. Companies formed under the China Trade Act must file annual reports with the Trade Act Registrar at Shanghai and with the U. S. Department of Commerce at Washington. The officials of the Registration department have the power to inquire into the practices of such companies, but thus far there has been no public announcement of such an inquiry having been made although the law has been in existence for more than ten years and according to report the total capitalization of companies functioning under the law now amounts to well over U. S. $30,000,000. Whether these companies or other American companies operating in China under state charters would be subject to the regulations of the new Securities Bill would seem to depend upon whether the marketing of their securities came under the category of "inter-state traffic." Should an American company in Shanghai, for example, mail some of its literature offering the sale of stock, loan certificates or debentures to a person residing in the United States and should such literature contain false statements, it obviously would come under the provisions of the new law and subject the promoters to a term of five years' imprisonment or a U.S. $5,000 fine or both. But if, on the other hand, such literature was restricted to prospects residing in China, the probabilities are the new law would not apply here. However, as stated in the foregoing, the new law has caused considerable speculation in Shanghai, particularly in view of considerable recent publicity regarding the activities of certain local enterprises.

THE PARTITION OF WEST CHINA

THE Japanese are well-informed people about China. Often, indeed, they know of things before they happen. And their interpretation of Sir Miles Lampson's recent visit to Szechuan contains much that is illuminating, in view of subsequent reports from that province. Some main objects of the visit, according to the Japanese military information bureau at Tientsin (quoted in these columns July 1) were to discuss with Liu Hsiang, Chairman of the Szechuan Provincial Government, the establishment of a boundary between Szechuan and Tibet, the possibility of trade between the two areas, and the negotiation of a $20,000,000 British loan to be made in the form of machinery, arms and ammunition, and other goods. Gen. Liu was said to be prepared to give the British a lien on the Szechuan salt revenue as security, and was very anxious for a truce with the Tibetans and the establishment of a definite boundary in western Szechuan Hsikang).

Substance to this report was given by a very different source, the Chinese official news agency, ***Kuomin,*** which reported a week later that a boundary had been decided on between the Hsikang and Tibetan troops, that a "peace and non-aggression agreement" had been concluded further between the Chinghai and Tibetan authorities, and that General Liu Wen-hui, in charge of the Szechuan-Hsikang border, was being urged by the central government to negotiate with Tibet "for the conclusion of a Hsikang-Tibetan non-aggression pact."

This is clear recognition of the de facto situation in Tibet, which has long been wholly independent of China. So far, however, the Chinese Government has never made any formal acknowledgment of Tibet's separation, though it has been a fact ever since the Chinese Revolution, when China's small garrison was expelled and the British refused to permit China to send troops for the re-establishment of Chinese authority. With this British protection, and close treaty relations with Britain, the Tibetans began building up their own military forces, aided in course of time by British officers. By 1917 the Tibetans were able to occupy Chinese territory as far east as the Yangtse River (here known as the Chin), what was formerly western Szechuan, though this western part of the great province has now been reconstituted as Hsikang. In 1918 there was a truce, locally arranged by Eric Teichmann, British Consular Officer in Eastern Tibet, and approved by the Indian Government, recognizing the new boundaries.

From time to time, as the Tibetans increased their military strength, they moved further into Chinese territory to the east and north. Military development has been particularly marked since the British mission to Lhasa in 1921, after which Britain more frankly assisted the Tibetans in "settlement and development of the country," and it was soon possible for Sir Charles Bell to say that Tibet's "military strength appears to be slowly increasing, but is hampered by shortage

of funds" owing to the poverty of the country and the alienation of revenue to the priests and nobility. Direct training was given the Tibetan troops by British officers in the country, there being British garrison at Gyantse where, in the words of David MacDonald, British Trade Agent in Tibet (now retired), "batches of Tibetan soldiers, fifty at a time, with their officers, were sent down to Gyantse for training under the British and Indian officers of the Trade Agents' escort....All words of command were given in English. General Pereira, when he came through from China to India, via Lhasa, told me that he had been amazed to hear English words of command used by the Tibetan troops on the far-off Kham frontier....The Tibetans had adopted the British style of uniform."

These British-trained troops have a great advantage over the archaic Chinese armies of the far interior, and are gradually occupying more and more Chinese territory. Last year, with the Japanese and Japan-led "Manchukuolans" driving into northeastern China, the British-trained Tibetans drove further into western China. A truce is now reported, though the new boundaries are not given. The Chin (Yangtze) River has been mentioned, but the Tibetans reached this fifteen years ago, and are now considerably further east.

It is in connection with this background that the significance of the Japanese reports, interestingly confirmed—in part—by the Chinese, becomes clear. The Tibetans, almost in the position of an Indian "native State," look to Britain for assistance in negotiations. Eric Teichmann, who has negotiated treaties in their behalf before, was in the party to Szechuan last month. Formerly in eastern Tibet, his work subject to the Indian Government's approval, he is now in Peiping, Chinese Secretary to the British Legation. He was recently knighted for his meritorious services to the Empire.

Lampson, of course, did not go along to Szechuan simply to keep Teichmann company. It seems likely that the Japanese reports of a British loan have some foundation. The Szechuan warlords would probably be very glad to accept a British loan, and mortgage the salt or other revenues, if given a little more security on the Tibetan frontier. British control of Tibet would be supplemented by a less open control in Szechuan. And it might also be possible to look to a united front against the Chinese Red Armies on the northeastern border of the province.

M. Meyrier, French Consul-General at Shanghai, was also present at Chunkging. The French are economically dominant in Yunnan province, to the south of Szechuan. The French railway runs as far as Yunnan-fu, a hundred miles from the southern border of Szechuan, and its trade extends into this province. As the Tibetans have driven further east in Hsikang, their southern boundaries border on Yunnan, and the setting up of new boundaries here are of some interest to France. The British and French spheres now come into contact, but not into conflict. They can gain far more by agreement than by competition in the partition of West China.

MANCHUKUO BECOMES CRADLE OF "STATE-MONOPOLIES"

SOMETIME ago *The Review* published a list of Japanese-controlled monopolies which had been created in the new puppet state of Manchukuo, the list including the formerly Chinese-owned railways, electrical communications, waterworks, purchase and export of soya-beans, salt production and export, aviation, etc., etc. We thought we had completed the list of public utilities and resources of China's northeastern provinces which the Japanese have grabbed since their Imperial Army seized the country and expelled the Chinese authorities. But we were mistaken for the *Osaka Mainichi* on July 2 published an additional list of natural resources which the Japanese (and Manchukuo) are planning shortly to convert into so-called "state" monopolies, always with the condition attached that the head of the monopoly must be a Japanese and usually the Japanese happens to be a high staff officer in the Imperial Army. The list of new state monopolies now in prospect as outlined by the Hsinking correspondent of the Osaka newspaper follows:

Manchurian Petroleum Company: To be established as a joint enterprise of Japan and Manchukuo. The company will purchase crude and heavy oil and will start refining.

Manchurian Colliery Company: To be placed under the joint management of Japan and Manchukuo. The company will incorporate all mining companies in Manchuria, and will have its head office in Hsinking. The Fushun and the Penchihu Mining Company will be merged with this company later.

Japan-Manchurian Magnesium Company: This company will manufacture magnesium, working on magnecite produced in Manchuria. The Nihon Magnesium Company of Niigata Prefecture will be merged with this company. The establishment of an aluminium company is also being planned.

Sulphate of Ammonia Company: The Manchurian Chemical Industry Company is now making preparations to establish the new company and its plant at Dairen.

Manchurian Electric Company: To be established as a joint enterprise of Japan and Manchukuo. The company will have its head office in Hsinking.

Manchurian Alluvial Gold Company: The company will engage in working alluvial gold beds in Heilungkiang, Hsingan and Kirin Provinces.

Manchurian Alcohol Company: Hitherto the production of alcohol at Harbin was in excess of the demand. The new company will control the production of alcohol.

According to the account in the Osaka newspaper, the natural resources required in the foregoing undertakings will be supplied by Manchukuo, while Japan will put up the capital for development and exploitation. Shares in the various enterprises will not be offered to the public —for the time being, stated the report. However, there are to be a few private enterprises, for the same report listed a few further enterprises which will remain "private" under certain restrictions. These are as follows,

Cement companies: The location of the kilns, output, and the spheres of the sale of the output will be restricted.

Bus companies: Many have already applied for permission to establish bus companies. Bus service along the routes which are closely related with the railways will be maintained by the railways, but in other routes private companies will be allowed.

Brewery company: A sake brewery will be established in the factory zone of Mukden.

Stock-farming companies: Many applications for the establishment of stock-farming companies

have been sent to the Industry Office of Manchukuo.

Alluvial Gold companies: The establishment of private alluvial gold companies will be permitted to work on alluvial gold beds under special contract with the government alluvial gold company.

Pulp companies and Farming companies: Many applications have been sent in. Those planning to establish farming companies are to engage Chosenese and Manchurians for farming.

Apparently as an after-thought, the Japanese correspondent at Hsinking then proceeded to add some more possible monopolies which are said to be under consideration, this supplementary list being headed by a so-called "Pharmaceutical Company," which will have a monopoly of the manufacture of morphine and cocain. Presumably this company will work in close cooperation with the recently-created Manchukuo State Opium Monopoly, which has in recent weeks opened some 600 new opium-smoking-dives for the use of the Manchurian peasants. Other state fostered enterprises which will remain private, under certain conditions for the present include a forestry company for exploiting the forests of Kirin province, an industrial bank, a stock-farming enterprise to foster horse and cattle breeding and a salt-manufacturing enterprise, etc., etc. But this extensive list even was not complete for *Reuters* correspondent in Manchukuo has made further additions, one being the Japan-Manchukuo State Aluminum Company which will obtain its raw materials from the Manchu Aluminum Company, a subsidiary of the Japanese government-owned and controlled South Manchuria Railway Company. A further development also listed by *Reuter's* correspondent is a Japan-Manchukuo State Oil Refinery which is to be established at the port of Hulutao and which is to have a monopoly of supplying kerosene, gasoline and lubricating oils to the people and industries of Manchukuo. This company, for strategic reasons, is to be headed by a high military officer. The 12,000,000 yen refinery which produces kerosene and lubricating oil from shale at Fushun, another subsidiary of the South Manchuria Railway, is headed, also for strategic reasons, by a retired admiral of the Imperial Navy. The new oil refinery at Hulutao, according to the report, will also have charge of prospecting and oil-drilling enterprises in Jehol province and Heilungkiang province.

Since writing the foregoing paragraphs our attention has been called to a further list of state monopoly enterprises (including some duplications) which appeared in the *Japan Advertiser* (Tokyo) on July 1, hence we include it for good measure,

Manchuria Oil Company—will be incorporated in the near future, to purchase and refine crude oil.

Manchuria Coal Mining Company—All coal mining properties in Manchuria, with the exception of those belonging to the Penchihu Coal and Iron Company, an Okura subsidiary, will be merged. The head office will be in Changchun.

Japan-Manchuria Magnesium Company—Will make magnesium of Manchuria magnesite.

Japan-Manchuria Alluminum Company—To make alumina, which will be shipped to Japan for manufacture into aluminum.

Manchuria Chemical Industry Company—will manufacture ammonium sulphate. Already has set up its head office in Dairen.

Manchuria Electric Company—Will be established shortly in Changchun to control the electric business of the entire country. A Japan-Manchukuo joint enterprise.

Manchuria Gold Mining Company—Will be set up in Changchun in the near future. Will conduct placer gold mining in Heilungkiang, Khingan and Kirin Provinces.

Manchuria Alcohol Company—Has been established in Harbin and will control the alcohol industry.

Japan-Manchukuo Communications Company—To control all telephones, telegraphs and radios. Will be organized in the summer.

Manchuria Aviation Company—Already operating, with a monopoly of all business.

Japan-Manchukuo Sake Brewery—To operate a factory in Mukden, already under construction.

Japan-Manchukuo Hemp Factory—For making twine and rope, to be established in Harbin.

Japanese Motor-bus Company—Will have a monopoly for operating bus lines all over Manchuria.

Showa (Japanese) Steel Works—Will monopolize all iron and steel making, excepting that which already is controlled by the Japanese Okura interests.

The Shanghai *Evening Post* in commenting on the foregoing developments stated that thus far there had been no mention of a Japanese-Manchukuo state-controlled factory for the manufacture of "Open-Doors," but suggested that such probably would not be overlooked in the future exploitation of the puppet state. The success of this grandiose plan for the Japanese monopolization of Manchurian resources depends naturally upon the willingness of the 30,000,000 Chinese residents of the country to become permanent slaves of the Japanese somewhat as has been the lot of the unfortunate Koreans. An article elsewhere in this issue referring to so-called "banditry" in Manchuria apparently indicates that the Chinese residents of the country intend to maintain control of that enterprise despite the benevolent activities of the Imperial Japanese Army!

Gen. Chiang Kai-shek Holding Conference in Kuling

General Chiang Kai-shek, accompanied by a number of high staff officers arrived at Kuling on Saturday, July 8, announcedly for a rest of several days. However, the arrival of a number of other high military men and politicians created the impression that an important conference on domestic and foreign affairs was the real object. Strict censorship was maintained, but according to reports current in both Kuling and Kiukiang, the chief subjects of discussion were the red situation in southern Kiangsi and the crisis in the north occasioned by the clash with F ng Yu-hsiang, as well as the squabble with the Japanese over the control of the neutral zone south of the Great Wall. There was some talk that a rapprochement between Nanking and Canton was also in prospect as Gen. Huang Shao-hsiung, Nanking's delegate to Canton had returned from the south and was at Kuling. Also there was considerable speculation upon what was likely to happen when the Nanking and Canton troops come into contact in southern Kiangsi if and when the Reds are eliminated.

S. M. R. Wishes to Issue Debentures for Yen 150,000,000

The South Manchuria Railway Company is planning to issue Yen 150,000,000 in debentures by next March. Approval is still to be secured from the Ministry of Colonies of the Japanese Government and from the shareholders of the company. The money will be used to carry out various new projects.

Count Hayashi, President of the South Manchuria Railway Company returned to Dairen, July 7 from Tokyo via Korea by air.

Large quantities of coal have been discovered on the banks of the Nun river, west of Chuchiakang, on the western section of the Chinese Eastern Railway.

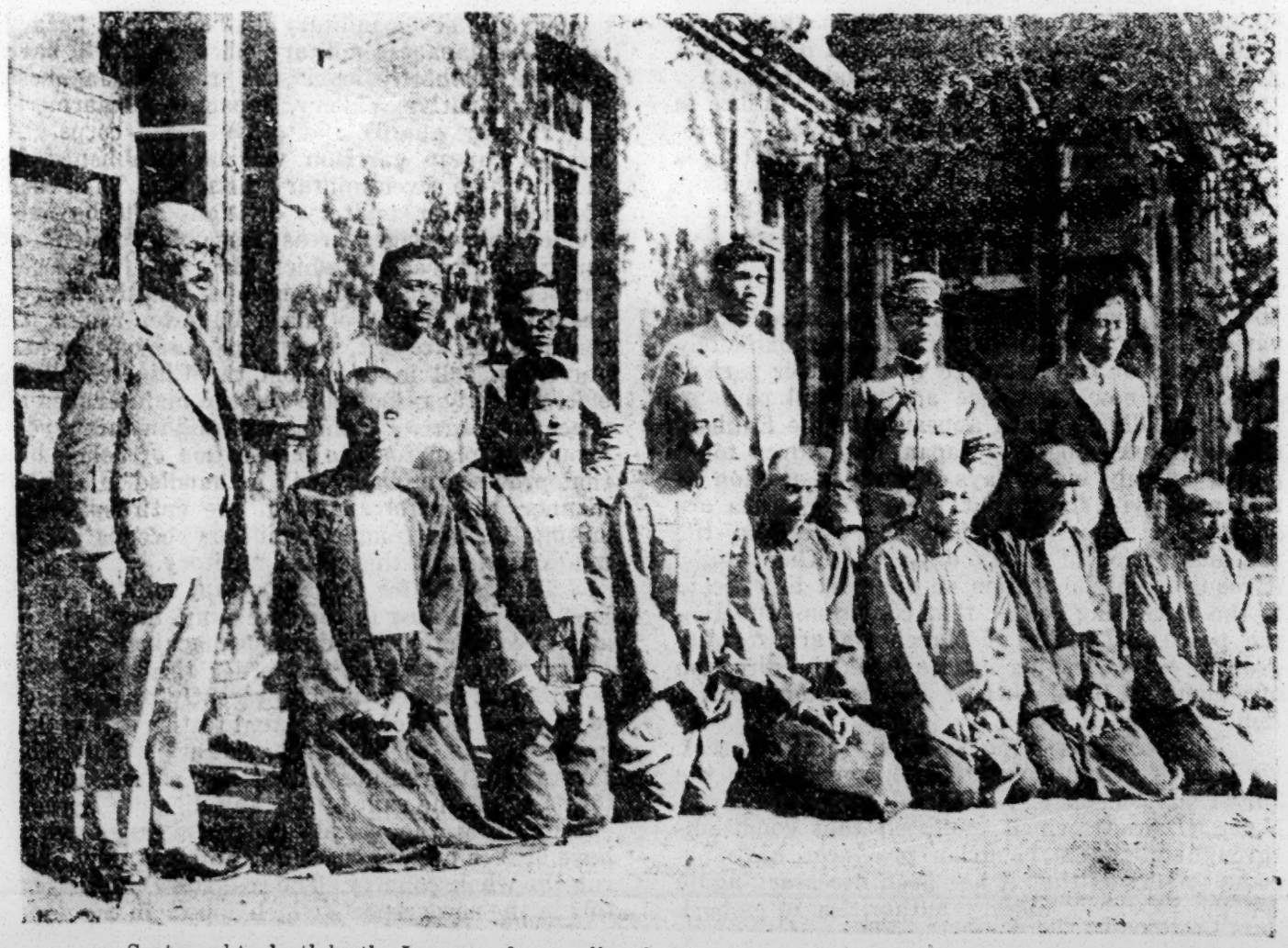
The Manchukuo Government is making plans for erecting an oil refinery at Hulutao. It is stated that the plant will have a capacity of 4000 barrels of gasoline and may commence operations with imported crude oil from Soviet Russia.

Japanese Censorship, Propaganda and "Anti-Bandit" Campaigns in Manchukuo

RECENTLY there have been some significant developments in China's northeastern provinces which indicate that Japanese military administration of that area is not proceeding as satisfactorily as Japan's spokesmen would like the world to believe. Japan has now been in military occupation of the Manchurian provinces for approximately twenty-two months and according to estimates of foreign observers in Tokyo has expended approximately 500,000,000 yen (G.$250,000,000 at normal rates of exchange) in a most extensive and strenuous military campaign which now embraces some 450,000 square miles of Chinese territory. But the results of this endeavor have not been satisfactory, the proof of which statement is borne out by an inspection of recent developments as reported in the Japanese newspapers. This does not mean there has been complete failure for much has been accomplished, particularly in the field of financial unification and administration, but in the all-important field of pacification of the country and creation of confidence on the part of 30,000,000 people in Manchuria, the Japanese failure has been approximately 100 percent.

The most sensational and disconcerting occurrence, from the standpoint of the Japanese military authorities, was on July 8 when Chinese and Korean rebels (bandits and communists according to the Japanese report), ambushed a detachment of Japanese troops belonging to the Tottori regiment near Kirin city and killed 27 and wounded three. Due to military censorship the reports regarding this incident are conflicting, one report from Seoul, Korea claiming that only three Japanese soldiers were wounded and the force of 700 bandits was repulsed. But later details have indicated that the original brief *Reuter* cable from Tokyo did not tell the whole story. It was claimed that the Tottori regiment was escorting 4,000 refugees with 600 horses and cattle from the Lotzekou area in the Chientao

DID GENERAL CHIANG KAI-SHEK SEND THEM TO MANCHUKUO?



Sentenced to death by the Japanese for an alleged plot to assassinate leading Japanese and Manchukuo officials. The eight Chinese in this picture, including those kneeling and one standing (second from left) were arrested by the Japanese military authorities at Changchun, Mukden and Antung between May 26 and June 1. The Japanese military report alleged the prisoners confessed they were sent to Manchuria by Gen. Chiang Kai-shek. While most of the prisoners were formerly connected with Marshal Chang Hsueh-liang's military and police establishment in Manchuria, one of the men was formerly principal of a Chinese school. The picture was reproduced from the July 1 supplement of the *Manchuria Daily News*, official Japanese organ published at Dairen.

district to the town of Paitsaokou on July 3 when they were ambushed by armed Chinese and Koreans resulting in heavy losses among both the Japanese troops and the refugees. It was stated that 1,600 of the refugees were missing upon arrival of the main body at Paitsaokou. Why the Japanese military should have been escorting 4,000 refugees in this area was not stated, but needless to mention this also has been responsible for considerable speculation in the Chinese newspapers.

The reason this incident was disconcerting and embarassing for the Japanese military authorities was due to the fact that it occurred almost simultaneously with the beginning of Japan's latest campaign for the "final" eradication of banditry from the northeastern provinces. On July 7 the Japanese military authorities sent a so-called "anti-bandit" expedition into the Hsinpin district about 100 miles to the east of Mukden. In order to advertise the thoroughness of their methods, the Japanese military commander took with him two well-known British journalists, Lord Clive of the London *Morning Post*, and E. L. Ewing representing the London *Times* What happened on this drive has not been rejorted, but much more stirring developments were occurring on the other side of Mukden in the vicinity of Kirin for it was there that the armed Chinese and Koreans ambushed the other Japanese force with results indicated in the foregoing brief reports from Seoul and Tokyo.

But the best indication of Japan's failure in the vital matter of pacifying Manchuria is provided in the newspaper reports from that area which are now appearing in the English-language newspapers published in Japan and at Dairen in the Japanese leased zone. In the issues of *The Review* for July 8 there appeared a reproduction of newspaper headlines referring to so-called "banditry" incidents which had appeared in the various newspapers for a period of approximately one month, or from May 28 to the latter part of June. We now reproduce another full page of similar headlines which appeared in the English-language newspapers of Japan and Dairen for a period of only eight days and an inspection of this page will show that the developments are even more sensational than they were in the previous period of thirty days. In other words, it requires no elaboration on our part to indicate to the discerning reader that conditions affecting the peace and order of Manchuria are steadily growing worse leading inevitably in the direction of a complete breakdown of Japanese administration.

But for those who demand further proof, we have it in an account which appeared in the July 1 supplement of the official *Manchuria Daily News* (Dairen) which indicated that conditions throughout the Manchurian provinces have become so serious that it has been necessary again for the Japanese military authorities to embark on a grandiose plan for the complete re-conquest of the country. This report stated that the new plan of pacification has historical precedence in that it was borrowed from the Holy Roman Empire. The report was too voluminous for complete reproduction, but briefly it stated that the Imperial Japanese Army, the Japanese gendarmerie, Japanese railway-guards and native soldiers and police had been brought together "under united direction and placed in partnership with the householders of Manchuria to form a League of Protection." The object, stated the report, "is an intensive warfare against bandits in large and small bands and roving law-breakers of all kinds .....using the latest military equipment diverted from the recent campaigns south of the Great Wall, including air-bombers, tanks, modern artillery, radio and even 'pigeon' intelligence corps to overcome the combination of lawlessness and kaoliang."

For those who do not understand the phrase "lawlessness and kaoliang," it should be stated that so-called banditry in Manchuria always becomes worse after the kaoliang crops begin to mature, kaoliang being a species of maize or broom-corn which grows to a height of six or eight feet. When the League of Nations Commission, headed by Lord Lytton, was in Manchuria the Japanese military spokesmen made so many references to "bandits and kaoliang" that one of the members of the Commission innocently inquired whether Manchurian bandits were a by-product of kaoliang.

Under the plan announced in the official Japanese paper in Dairen on July 1, the provinces of Fengtien, Kirin and Heilungkiang are to be divided into seven military districts, each headed by a high Japanese military officer who will have supreme authority over the regular Japanese garrisons, native soldiery, Japanese gendarmerie and railway guards and other peace corps. A large Japanese garrison will be established in each of these seven military districts. Then each of these major military divisions will be subdivided into smaller areas resembling hsiens or counties, into each of which there will introduced smaller garrisons of Japanese and native troops headed by a Japanese officer of lower rank. To continue the account, these Japanese officers and garrisons, will in turn hold the Chinese village elders strictly responsible for the maintenance of peace and order. Nothing was said in this report about the plan for the pacification of Jehol, but that province probably will be handled in similar manner, the enforcement of the entire plan resulting in the complete military occupation or militarization of the entire territory.

The reason for this important military development, as stated in the foregoing, has been the almost complete break-down of machinery for the preservation of peace and order throughout the territory, a fact certified to recently by a foreign resident of Mukden who stated to the writer that lawlessness is so prevalent that it is impossible for anyone to venture out of any of the railway towns or off the railway for any distance without encountering the so-called bandit gangs which have broken up into small units and actually overrun the whole country. The real story of course is told in the news reports which appear in the newspapers of Japan, a few of the headlines of which are reproduced in connection with this article. A complete summary of these activities, covering the brief period of eight days, would fill several columns of *The Review* hence it is only possible to mention the outstanding events. Aside from the report of the ambushing of the Tottori detach-

ONE WEEK'S RECORD OF "PEACE AND ORDER" IN MANCHUKUO

DAIREN, SATURDAY JULY 1, 1933

JAPANESE ARE ACCUSED OF BIG THEFT OF ARMS

National Safety Plan Launched

Railway Zone Dwellers Throughout Manchuria Become Gov't Guards

ARMED EMIGRANTS KILLED

CHANG CHING-TU GIVEN DEATH SENTENCE

...way work and Given Cheap See...

...nd Cost Price Necessities--Manchuria Divided Into Eight Areas of Administration--Peace Network Tightened

SMUGGLING INCREASES

Drastic Tightening of Customs Rules If Violations Continue

FORMER TUNGPIEN BANDIT LEADER MAY BE RETURNING.

Manchoukuo News Service

G O ..

27 Japanese Said Slain In Fierce Fight

KIDNAPPING RACKET IS LIVELY IN HARBIN

Bandits Capture 7 Railway Trackmen

Manchus And Japanese Police Start Searching

OFFICER FREED BY BANDITS AFTER MONTH'S CAPTIVITY

Colonel Matsumoto Persuades Outlaws to Free

Insurgents In Country Beaten

...ut.-General Matsuki Says Only Professional Bandits Remain

FRESH ANTI-BANDIT DRIVE STARTED BY JOINT JAPAN-MANCHOUKUO FORCE

Police Forces Plan Campaign

General Cooperation Agreed upo... in Readiness for Kaoliang Tim...

Manchoukuo N...

Passenger Train Is Derailed By Bandits

SIX HURT IN DERAILMENT

Bandits Believed Responsible for Mishap in Manchukuo

Bandits Rise In No... China

Violences Started by Chinese as Japanese Troops Are Withdrawn

Manshu Nippo

3 Nippon Emigrants Are Slain By Bandits

Armed Corps At Chiamusu

THIEVES FIGHT IN STREET

Harbin Pickpocket Kills Partner in Fight Over Spoils

MUNITIONS THIEVES CAUGHT IN MUKDEN

Group of Eight Japanese Accused of Stealing Arms and Ammunition From Arm...

MADE CO...

...Military Report Tells Of Battle With Bandits In Kirin Territory

...tended to ...t to Authorities ...chukuo Army Corps

PRISONERS CONFESS ASSASSINATION PLOT

Young Chinese Plotter Caught, Plans Revealed

Scheme by Students for North China to Disturb Manchuria Nipped in Bud

BANDITS BECOME VIGILANTES NOW

Foresee Annihilation in Their Old Manchurian Profession

KOREAN TOWN IS ATTACKED

Armed Bandits Cause Fires and Take Over 30 Prisoners

Japan's failure to pacify China's northeastern provinces after twenty-two months of intensive activity on the part of the Imperial Japanese Army is graphically illustrated by the headlines reproduced from newspapers in Japan and at Dairen for a period of approximately one week, or from June 26 to July 4. In last week's issue of *The Review* a similar reproduction of headlines covered the preceeding period of about one month, or from May 26 to the latter part of June. The general situation is described in the accompanying article.

ment, the most significant development indicating that the breakdown of authority in Manchuria is extending even into Japanese military circles, was a report which became public through Russian sources in Harbin to the effect that a group of Japanese connected with the Imperial Army headquarters in Mukden had been involved in a gigantic arms theft. The arms, including machine-guns and 100,000 rounds of ammunition, and other materials were taken from the Japanese army warehouse at Mukden, and according to the report they were being sold by the Japanese soldiers to the anti-Manchukuo groups or bandit gangs which are operating against the Japanese army. Five arrests were made on June 27, but it was stated the selling of machine-guns and other military equipment from the Japanese army storehouse had been going on for several months, one machine-gun and 1,500 rounds of ammunition having been sold by the leader of the group last March. In a previous report bearing on this subject which appeared in *The Review* on July 8 it was shown that several Japanese military officers and members of the gendarmerie have been involved in the looting of Chinese estates in various parts of Manchuria. With regard to the general banditry situation the reports range all the way from isolated incidents involving the killing of Japanese "armed" immigrants to attacks on trains and kidnapping affairs. On July 8 there was a further reference to the American missionary, Dr. Nils Nielsen who was kidnapped by bandits near Mukden many weeks ago. Dr. Nielsen is still in the hands of the outlaws and according to the report is seriously ill. Four Britons who also were kidnapped by Chinese pirates near Antung several weeks ago also are still missing despite efforts of both the British and Japanese authorities to locate them. According to the reports the bandits gang holding the Britons has since been overpowered by a stronger gang.

Of interest in connection with the general banditry situation in Manchuria was a statement by Gen. Muto who holds the dual position of Field Marshal in the Imperial Japanese Army and Ambassador to Manchukuo. In this statement which was broadcasted by the official *Rengo* service from Hsinking (Changchun) on June 8, Gen. Muto declared that the number of bandits and other lawless elements "has greatly decreased," the original number in Manchuria, according to his estimate, being 300,000. Muto stated the pacification of Manchuria was proceeding in three stages, the first beginning in August, 1932 and extending to February of this year, the second from March this year to May 31, upon which date the truce was signed with the Chinese military authorities in Peiping, this period embracing the conquest of Jehol and the driving of the Chinese troops from the area south of the Great Wall. The third and final period, in Muto's opinion will entend from May 31 to next October which he declared would mark the end of the so-called Manchurian incident which began on September 18, 1931 when the Japanese originally occupied Mukden. Gen. Muto declared, "There are some who view with apprehension the internal peace and order in the country in spite of the steady improvement of the situation. Recently, exaggerated reports have been circulated abroad which have given the impression that the activity of the bandits is endangering the general peace of the country. To be sure there occurred in Mukden and other places two or three cases of kidnapping and attacks on foreigners, but these incidents do not necessarily mean the prevalence of general lawlessness. Hasty generalizations are apt to lead to erroneous conclusions. I firmly believe that the day is near (when the whole population of Manchuria will enjoy peace and prosperity." With reference to the present estimated number of bandits in Manchuria, which General Muto failed to state, another report by *Rengo* also on July 8, stated that the number had been reduced from 250,000 at the beginning of the Manchurian occupation to approximately 40,000 at the present time. The claim that the larger groups have been broken up, however, was belied by the recent report of a band of 700 bandits which attacked the Tottori detachment in Kirin province.

Of final interest in connection with the present Manchurian situation was a report from Hsinking stating the policy of the Imperial Japanese Army with respect to censorship had been changed. Where previously the censorship of news reports had been handled by the Kwantung army, the Kwantung Governor-General, the Japanese Embassy and the Manchukuo government, acting more or less independently, in future the censoring of news reports will be handled by a joint committee representing all of the foregoing interests. The joint committee will consist of two representatives each from the Japanese Embassy, the Kwantung Governor-General's office, the Manchukuo Government and one each from the Kwantung army and the Japanese gendarmerie headquarters. One or two representatives of the press will be admitted to meetings of the committee as observers, stated the report. The *Manchuria Daily News* (Dairen), official organ of the Japanese military establishment in Manchuria, declared in the course of an editorial on June 23 that future anti-bandit campaigns in Manchuria "would be marked by fearless publicity."

However, it was only a few days following this declaration that the Manchukuo Government announced officially that Josef Washington Hall, the well-known American magazine writer and lecturer would be barred from Manchukuo "because of his anti-Manchukuo and anti-Japanese writings in American newspapers and magazines." The report stated that all Manchukuo passport vise offices had been instructed not to vise Hall's passport should he seek to enter the "paradise." Mr. Hall, who uses the pan-name "Upton Close," is the author of numerous books bearing on Far Eastern topics, including "The Revolt of Asia," "Eminent Asians," "Outline of the History of China," and other works. In addition he is a contributor to leading American magazines including the *Saturday Evening Post*, wherein recently appeared a widely read article entitled the "Forgotten Man in Manchuria," said article dealing with the serious position of the Manchurian peasant under Japanese military domination. Hall also wrote several articles about the situation in Jehol province based on a trip to that area last year. Hall is now on another of his annual trips to the Far East at the head of a touring party, his chief purpose being to collect material for a

further series of articles in the *Saturday Evening Post*.

In addition to the barring of Mr. Hall from Manchukuo, the *Japan Chronicle*, British paper published at Kobe, printed an editorial severely criticising the action of the Japanese military authorities for deporting a well known British correspondent, E. Lenox Simpson, from Harbin. Simpson, who is of British nationality, was the editor of the *Harbin Herald*, a newspaper published in the English and Russian languages and in addition was Manchurian correspondent for the *London Herald*, the well known Labor organ. Several months ago the Japanese military authorities assisted by the so-called Manchukuo police raided and sealed Mr. Simpson's Harbin newspaper and forced him to seek refuge in the British Consulate in that city. Finally, despite the protests of the British Consul-General, Mr. Simpson was compelled to proceed to Dairen under Japanese military escort and since that time he has resided in that city, being refused permission to return to his home in Harbin. The Japanese military authorities, in accordance with their usual custom, have attempted to evade responsibility for the Simpson incident by claiming that his deportation was ordered by Manchukuo.

In order that there may be no diputing of the direct reponsibility of the Japanese military authorities for these censorship activities, we reprint the following from the official bulletin of the Japanese Military Information Bureau at Tientsin, dated July 7:

"Since the Sino-Japanese hostilities began, a large number of foreigners, including newspaper correspondents, university professors, etc., have visited Japan and Manchukuo in various capacities. Most of the correspondents have been Americans. The Japanese Foreign Office and other authorities concerned, in order to enlighten these visitors of the real situation in Manchuria and in Japan, have tried always to give as complete facilities as possible to the travelers. But some of them, although they pretended to fully understand the situation, or to be a friend of Japan, have circulated much material of an anti-Japanese spirit or containing misleading information, upon their return to their home country.

"According to a report from Tokyo, it is said the Japanese authorities concerned, will take precautions against a repetition of this undesirable spirit and when it is known beforehand, such foreigners will not be permitted in Japan or Manchukuo and no facilities will be extended to them. It is understood of course that other foreigners traveling in the Far East, who are entering Japan or Manchukuo with the desired sincerity to know the situation in these countries, they will always be welcomed and all possible facilities will be afforded them during their stay."

Japanese Army and Nanking Forces Move to Oust Feng Yu-hsiang from Chahar

THE troops of the Imperial Japanese Army and the forces of the Nanking Government stationed in north China are moving with the object of ousting Marshal Feng Yu-hsiang from Chahar province. However, there is no evidence that Nanking and the Japanese are acting in collusion, although their objects are similar—the ousting of Feng from his base at Kalgan and from his control of the extensive territory north of the Great Wall which is bordered on the north by Soviets-controlled Outer-Mongolia and on the east by Japanese-controlled Jehol.

Latest developments in the situation, according to reports from Peiping received in Shanghai Wednesday of this week, are that a clash already has occurred between Feng's troops and the Japanese army at Pa-pao-hsieh-ko, a Mongolian town located south of Dolonor where the Japanese advanced base is located. The outcome of the battle is not known but a *Reuter* report from Mukden on Monday stated the Japanese had sent reinforcements to Dolonor with the object of beginning a drive on Feng from the north and east. Feng's troops on this sector are commanded by his subordinate commander, Gen. Fang Chen-wu. In addition to infantry and cavalry detachments and armored cars, the Japanese also were reported to have a strong aviation detachment at Dolonor.

The situation from the standpoint of Nanking's attempt to oust Feng is not clear because Feng's troops and those belonging to Nanking are not yet in direct contact; they are separated by the army of Gen. Sun Tien-ying composed of some 20,000 troops which occupy the town of Shacheng, located on the Peiping-Suiyuan railway a short distance north of the Nankow pass in the southern section of the Great Wall. Sun Tien-ying is a former Feng commander who joined the Nanking Government after the break-up of the Christian General's Kuominchun army in 1930-1931. Gen. Sun took an active part in the fighting against the Japanese in the battles south of the Great Wall and following the Sino-Japanese truce moved his troops to the railway which connects Peiping and Kalgan. Recently Gen. Chiang Kai-shek appointed Gen. Sun head of Kokonor (Chinghai) and ordered him to move his troops to that district, which borders on Tibet, but Gen. Sun demanded that Nanking advance him $450,000 for travelling expenses before moving. Thus far the question of Gen. Sun's transfer to Kokonor has not been settled, but a *Kuomin* dispatch from Peiping on July 11 stated that Gen. Sun's troops would be moved through Kalgan (controlled by Feng) to Paotow, which is located at the western end of the Peiping-Suiyuan railway. Another *Kuomin* dispatch also from Peiping stated that the troops of Gen. Fu Tso-yi, a subordinate of Gen. Yen Hsi-shan, head of the Shansi provincial government had been demobilized and also were being moved through Kalgan to Suiyuan province, located to the northwest of Shansi.

The situation from the standpoint of Nan-

king's attempt to oust Feng is therefore complicated because many of the troops in the north, now professing allegience to the National Government, were formerly under Feng's Kuominchun banner. Gen. Chiang Kai-shek is attempting to transfer these troops to far distant places, one object undoubtedly being to prevent them from rejoining Feng. It is thought in Peiping that in the event Gen. Sun Tien-ying does move his troops away from the Nankow pass that this will be followed by an outbreak of hostilities between Feng's newly recruited army and the troops of the Central Government in Peiping which are commanded by Gen. Ho Ying-chin. Gen. Ho already has sent an armored train to the Nankow pass which is only fifty miles northwest of Peiping and in addition is gradually moving three armies in the same direction, these troops being commanded by Generals Pang Ping-hsun, Feng Ching-chai and Kuan Ling-tseng. These troops have been ordered to advance on Feng's position at Kalgan as soon as Gen. Sun Tien-ying's troops evacuate the area in the vicinity of the Nankow pass. A report from *The Review's* correspondent at Tientsin on Monday stated that Feng was digging trenches along the railway to the south of Kalgan and apparently intended to defend himself against the Nanking troops while prosecuting his anti-Japanese war on the Dolonor front. In the meantime serious efforts are being made to mediate the trouble between Feng and Gen. Chiang Kai-shek, the chief mediators being Sun Tien-ying and Gen. Yen Hsi-shan. However, Feng is constantly being urged by Canton to continue his anti-Japanese activities and there appears to be considerable evidence that politicians in south China opposed to Gen. Chiang Kai-shek are supplying Feng with funds. Recently Feng considerably strengthened his position by inducing Gen. Liu Kwei-tang a Manchukuo adherent to desert the Japanese and join Feng's banner. This enabled Feng to claim the capture of several towns in northern Chahar which previously had been controlled by the Japanese in Manchukuo.

Owing to the conflicting reports regarding Feng's motives and sources of his financial support, it is difficult to discern his real purpose, but most of the Chinese newspapers believe his desire to continue the fight against the Japanese is sincere, although along with this is an undoubted desire to rally his old troops to his banner and re-establish himself in the so-called Northwestern territories. This apparently is the chief reason why Gen. Chiang Kai-shek is trying to oust Feng from Chahar before Feng is able to build up his strength to a point where he could menace Nanking's position in north China. Should Feng be able to achieve a temporary victory in the present fighting against the Japanese at Dolonor or even to put up an effective resistance against the Japanese in northern Chahar, it is thought this might again arouse the country and force Nanking to support him, the chief reason being that Chinese public opinion has opposed the Tangku truce agreement and particularly so in view of the general knowledge that Japan has really scrapped the agreement and has established her control of the so-called neutral zone embracing a considerable portion of Hopei province lying between Peiping-Tientsin and the Great Wall.

That the situation in Chahar province and the issue between Feng Yu-hsiang and the Central Government has become most critical is indicated in the great amount of space devoted to the subject in the Chinese newspapers. Opinion appears to be divided as to whether Feng's action will not actually make the situation worse as it will provide the Japanese with an excuse for occupying Chahar and Kalgan; however others argue that the Japanese intend to occupy Chahar anyway, hence China sould continue the policy of resistance in order to make the occupation as expensive as possible for the Japanese invaders. Still others argue that in the event Nanking is forced into a false position of appearing to cooperate with the Japanese in the ousting of Feng that this might damage the prestige of the Nanking Government and thereby facilitate Canton's open campaign for the ousting of Gen. Chiang Kai-shek and his associates from control.

While these events have been developing on the Chahar front, the Nanking leaders in the north have been trying to reach an understanding with the Japanese over the control of the Neutral Zone and the reopening of traffic on the section of the Peiping-Mukden railway between Tientsin and Shanhaikwan. The latest move in that direction was the so-called Dairen conference which was participated in by representatives of the Japanese army in Manchuria, the leader of the Manchukuo irregulars, a bandit-general named Li Chi-chun, and the Chinese forces in Peiping and Tientsin. To the present there has been no official announcement from Nanking regarding the outcome of this conference, except reports in the Chinese newspapers to the effect that Nanking was compelled to accede to the Japanese demand that the Manchukuo irregulars be incorporated into the police force which will maintain peace and order in the Luan-Tung area, otherwise the important triangular district lying to the east of the Luan river and south of the Great Wall. The Japanese military commanders announced their determination to add this territory to Jehol which they already controlled and apparently have been able to enforce their wishes through compelling Nanking to accept the Manchukuo troops (paid by the Japanese) as a police force. The question of the control of the railway still is unsettled, the section between Tientsin and Tongshan being operated by the Chinese while the section between Tongshan and Shanhaikwan is controlled by the Japanese South Manchuria Railway with Japanese garrisons or Manchukuo troops stationed at the various towns. Nothing further has been said about the attempt of the Japanese to induce the northern Chinese commanders to "recognize" Manchukuo. Wang Ching-wei, head of the Nanking Executive Yuan in a statement appearing in the *China Press* on July 6, declared that the Central authorities had "rejected" two of the Japanese demands pertaining to the future status of north China, the said demand dealing with the joint Sino-Japanese control of the railway and the permanent stationing of Japanese troops at Kupeikow and Miyun south of the Great Wall. Another report from Peiping claimed that no definite agreement had been reached at Dairen, only a "verbal understanding, which probably would be repudiated."

NEW JAPANESE POLICY

While the Japanese have temporarily discontinued their military operations against the Chinese forces in north China and much is appearing in the Japanese newspapers about a new "cooperative" policy toward China, there doesn't appear to be much evidence of change. Rather it seems that the chief purpose of the Japanese military authorities was to obtain a breathing space in the north China warfare in order to be able to use their troops against the growing bandit menace in Manchuria and also to strengthen their position against Russia in consequence of the negotiations over the purchase of the Chinese Eastern Railway.

Major General Itagaki, recently transferred to the Tokyo General Staff from the command of the Japanese forces at Mukden declared in an interview (*Japan Chronicle* July 1) that nothing short of the complete overthrow of the Kuomintang Party would put an end to anti-Japanese movement in China. He also declared quite frankly that the Tangku truce agreement had enabled the Japanese to divert their troops to anti-bandit activities in Manchuria proper. The official bulletin issued by the Japanese military headquarters in Tientsin on June 30 declared that since 100,000 Chinese are "living" on the anti-Japanese movement, it would be necessary for Japan to compel Nanking to put an end to all anti-Japanese activities.

Hu Han-min Criticizes Wang Ching-wei

Hu Han-min issued a statement in Hongkong July 6 regarding his recent meeting with the Government delegates in Hongkong in which he said if Wang ching-wei really objected to the Tangku Truce Agreement he should have resigned outright; the fact that he conveyed his intention of resigning to General Chiang showed that from the beginning Mr. Wang had no intention to quit. "Now I have nothing to say about Messrs. Wang and Sun for their action. Wang Ching-wei is the President of the Executive Yuan, which is equivalent to a responsible Cabinet; he must, said Mr. Hu, be held responsible for the signing of the Truce Agreement.

Wang Ching-wei Replies to Hu Han-min

Various questions of current interest, including the Tangku armistice agreement, the American wheat and cotton loan, the situation in Sinkiang and Szechuan, and the Tsingtao naval dispute were dealt with by Wang Ching-wei, President of the Executive Yuan, in an address at the weekly memorial service at Central Party Headquarters in Nanking July 10.

Referring to Hu Han-min's statement, President Wang emphasized that it was at his Wang's suggestion that the Tangku agreement was concluded. He drew attention to his statement of June 1 and the circular telegram he issued on June 2 explaining the reasons for the conclusion of the agreement. Whether the agreement be justifiable or not, he (Wang) must himself assume the full responsibility therefore as he had strongly advocated its conclusion.

Regarding the criticisms levelled by the Southwestern leaders against the American wheat and cotton loan, President Wang said that the criticisms were unwarranted, as the critics appeared to have overlooked the fact that every year China had imported enormous quantities of wheat and cotton from abroad. The gist of the criticisms, he pointed out, was that the influx of large quantities of wheat and cotton to be purchased under the loan agreement would tend to lower the price of native cotton and thus prove detrimental to native cotton producers. This would not however be the case, as, even had no such loan been concluded, the country would still have to import from adroad about the same quantity of wheat and cotton provided for by the loan.

Sun Fo Upholds Republican State

Sun Fo, President of the Legislative Yuan, in an address at Nanking July 10, declared that the opposition to the Republican State was unjustifiable and that no one except the monarchists, traitors, Communists and die-hard capitalists could have any reasonable cause for opposition to the Three People's Principles of Dr. Sun Yat-sen. President Sun said that almost all notable Constitutions in the world were born of Revolutions, Referring in particular to the Magna Carta of England, the American, German, Spanish, and Soviet Constitutions, President Sun mentioned that all these Constitutions were the embodiment of the Revolutionary spirit in the respective countries.

Canton Organization Urges Expedition Against Chiang Kai-shek

The South-west Political Council is being bombarded with numerous telegrams from different party and public organizations urging the immediate despatch of a punitive expedition against General Chiang Kai-shek for his recent conclusion of a foreign loan through T. V. Soong and for the signing of the Tangku Armistice Agreement with Japan.

Eugene Chen is reported to be extremely active, travelling to and from between Hongkong and Canton, conveying the views of Hu Han-min. It is said that Mr. Chen may remain in Hongkong permanently as resident representative of the South-west Political Council.

Ho Peng Made Prisoner by Chinese—Later Released

Ho Peng, former Commissioner of Finance in the Hopei provincial government and alleged instigator of the band of plain clothes men who staged disturbances in Tientsin some weeks ago, was made a prisoner in said city end of last week. At the preliminary inquiry which followed the arrest, Ho Peng is alleged by the Tientsin Chinese authorities to have admitted that he had been engaged in seditious activities, though he stoutly denied that he was behind the uprising of the Tientsin plain clothes men. A protest was lodged by the Japanese Consul against the arrest of Ho Peng, on the ground that the Chinese had no right to send police across the Japanese Concession to make arrests. The Chinese later released him; he went to the Japanese Concession to live.

Chekiang and Kiangsu Wish to Increase Salt Taxes

For the purpose of raising funds to meet the deficit in the budget for the next fiscal year, the provincial governments of Kiangsu and Chekiang are contemplating the imposition of a surtax on salt. The Finance Ministry is awaiting the return of T. V. Soong from Europe before deciding on the matter.

A new loan of four million dollars was contemplated to be issued by the Finance Ministry for the relief of the war refugees in North China, but doubt is openly expressed in Shanghai banking circles regarding the possibility of having the contemplated loan subscribed by the Chinese banks at this time of unprecedented economic depression.

The resignation of General Hsia Tou-ying from the post of Chairman of the Hupeh Provincial Government has been accepted by the Government. General Chang Chun, former Mayor of Shanghai, may succeed General Hsia.

July 9, being the seventh anniversary of the Northern Expedition from Canton which was responsible for the overthrow of the Peking Government, a public meeting was be held by the Shanghai Kuomintang Office to celebrate the occasion.

Manchuria War Heroes Honored in Shanghai

The Association in Support of the Chinese Volunteer Movements in Manchuria gave a dinner party at the new Y. M. C. A. Building in Shanghai July 11 in honor of the Volunteer commanders now in Shanghai. Among those present were Generals Ma Chan-shan, Su Ping-wen, Chang Tien-chu and Li Tu. General Su Ping-wen returned to Shanghai recently after a short holiday spent in Soochow. General Li Tu arrived in Shanghai from Europe by the Italian liner *Conte Verde* last week. As commander in chief of the Kirin Defense forces he resisted the Japanese invasion for 13 months, but was eventually forced to withdrawn to Siberia.

According to Chinese telegraphic advices from Nanking, Shao Hung-chi, member of the Control Yuan, has submitted a bill of impeachment against Marshal Chang Hsueh-liang, among other things charging that during his regime Marshal Chang is alleged to have made $3,000,000 monthly, or about $70,000,000 in 29 months.

Soviet Russia Carries Out Non-Aggression Coup d'Etat

IT is one of those paradoxes of international politics that it is the two countries that have systems of government as far apart as it is possible for them to be—the one being the last stronghold of autocracy and the other the very quintessence (at least in theory) of collective democracy—that should give the rest of the world the most to think about. Both Japan and Russia are challenging concepts of centuries. The concept of the Western World for centuries has been that the Oriental is an inferior creature. That concept, whatever else Japan is doing, is being seriously challenged by her. This is true despite the fact that Japan is "walking over" a fellow Oriental nation. Soviet Russia is challenging the concept that individual ability and the fact that you had a rich grandfather gives you the right to keep your fellow creatures in economic bondage to you. The foreign relations of Japan and of Soviet Russia have their mainsprings in these two concepts. Soviet Russia by the signing of the various non-aggression pacts, details of which follow, has carried off a veritable coup d'etat. The desire of the Soviets for American recognition is also drawing appreciably nearer. Japan in the meantime is playing on Indian susceptibilities with the object of securing equal trade privileges—which eventually will mean the ousting of British dominancy in the Indian Peninsula. The future trend of international politics seems to be that a mutual working arrangement will be reached between the United States, China and the Soviets, all of which have certain reasons to be on the *qui vive* as regards Japan. This orientation of American policy is however, fraught with dangerous possibilities, as Japan will do her best to make it it appear, in the eyes of certain other Oriental nations, that in opposing Japan, America is proving herself an enemy to the Oriental races in general.

Soviets Sign Non-Aggression Pacts Defining "Aggressor"

The Soviet Government last week negotiated a number of non-aggression pacts which have a great significance, in that they contain a provision defining the meaning of the word "aggressor"—an important element in the Japanese invasion of Manchuria.

Treaties were signed in London July 3 by the Soviets with Afghanistan, Estonia, Latvia, Persia, Poland, and Roumania; on July 4 with Turkey, Rumania, Czecho-Slovakia, and Jugo-Slovakia; and on July 5 with Lithuania.

These pacts define an "aggressor" as (1) the state which first declares war, (2) the state which invades territory without a declaration of war, (3) the state which attacks with land, sea or air forces, the troops, ships or aircraft of another state, (4) the state which blockades the coasts and ports of another state, and (5) the state which supports armed bands on its territory which invade another state and refuses on the request of the invaded state to take proper steps in its territory to suppress these bands.

An addendum to Article III declares that the parties being desirous—while retaining the full inviolability and absolute significance of the rule set out in that article—of specifying certain points which would serve as a guide in ascertaining aggressive parties, establish that none of the following circumstances shall be advanced as justification for any act of aggression: (1) the internal situation of any state, as, for example its political, economic or social regime, any alleged defects in its administration, disorders resulting from strikes, revolutionary or counter-revolutionary movements or civil war; (2) the international behavior of any state, such as the violation or threatened violation of any of the material or moral rights or interests of another state or its citizens; (3) a rupture of diplomatic or economic relations; (4) measures of economic or financial boycott; (5) conflicts arising from financial or other obligations as between states; (6) frontier incidents not covered by any of the definitive acts outlined in Article II. In addition, the parties unanimously recognize that the pact shall in no wise and under no circumstances serve as justification for any violation of international law covered by any of the circumstances enumerated in the definition of an aggressor.

The treaties are described in London as a "Litvinoff Coup." Mr. Litvinoff issued a statement explaining that the definition of aggression contained in the pacts which the Soviets had signed with various countries had been submitted at Geneva but it was found to be inconvenient and embarrassing to certain states; therefore, he said, a was desirable to embody the definition of aggression in it convention between a limited number of states. M. Litvinoff stated that the convention constitutes a new link in the chain of Soviet measures systematically to reinforce peaceful relations with her neighbors; he added that his government is ready to sign a similar convention with all nations.

Sino-Soviet Agreement for Non-Aggression Predicted

Wang Ching-wei, President of Executive Yuan, is reported in Japanese telegrams to have said recently that the Nanking Government is prepared to join the party of European countries which have recently entered into a non-aggression agreement with the Soviet Government.

Soviets Also Want Closer Arrangement with France

That the Soviets are working for a closer rapprochement with France was indicated in a statement handed to the press in Paris July 8 by M. Litvinov, who declared that Soviet interests do not collide with those of France at any point in the world and that there exist no obstacles to a closer political and economic accord between the two countries. M. Litvinov reiterated that peace always was and is the axis of Soviet foreign policy. "The Soviets, having no imperialist aims or desire for new territories, considering as contrary to their basic principles the subjection of other peoples, has nothing to gain from war. This is sufficient for the Soviet to avoid war and always to welcome and support any undertaking by other states which coincides with the Soviet policy of peace," he said.

Soviets and Britain Resume Trade Agreement Negotiations

Negotiations for a new trade agreement between England and the Soviets were resumed on London July 10.

Manchukuo and Soviet Ideas Far Apart on C. E. R.

The Manchukuo-Soviet conference on the C.E.R. negotiations struck a snag July 5 regarding the ownership of the Chinese Eastern Railway. Despite the repeated assertion on the part of Manchukuo that Soviet rights on the railway are restricted to management, the Soviet delegates maintain Russia's ownership of the railway. The Manchukuo delegate denied Soviet ownership in the Railway, stating that "no passage could be found in any treaty that could be interpreted as confirming Soviet ownership in the Chinese Eastern Railway."

The Manchukuo Government in a recent memorandum stated that the economic value of the C. E. R. Railway is extremely small and is destined to diminish further with the completion of the railway network of Manchukuo under construction at the present time; the railway is being operated not only without any profit but with actual losses. In view of the deteriorated conditions of the railway, the memorandum proceeds, its actual value at present should not amount to more than one half of the cost of a new line, or some 65 million yen. Even if any of three methods of evaluation were to be considered and the most favorable to the Soviet Union adopted, the maximum of the reasonable compensation which Manchukuo should pay is 32,500,000 yen, while the Soviet Union should be responsible for all the claims of the third party in regard to the North Manchuria Railway.

But at the same time, as an expression of good will Manchukuo is willing to pay fifty million yen.

Czarist Russia was prompted to spend huge sums of money, far beyond the normal expenses involved in railway enterprise, because of military and political purposes but these circumstances, or calculations, says the memorandum, have no relation to the present intrinsic value of the Railway.

Manchukuo stipulated that the Soviets should take responsibility for all the obligations to third parties incurred after March 9, 1917, and before the coming into effect of the present treaty. They are also to be responsible for all the claims of third parties in connection with the said transfer.

Soviet Charge Manchukuo with Sabotage

A Soviet memorandum issued July 5 states that the international significance of the C.E.R. railway must be taken into consideration as it makes a very important link between Europe and Asia. The Soviets ask Rbls. (gold) 210,000,000 for their rights in the line. The Soviets ask that one-fourth of purchase price shall be paid promptly in cash and the balance may be paid in Manchukuo debentures guaranteed by the Japanese Government, such debentures to bear a four-percent per annum interest and redeemable in three years.

Moscow *Izvestia*, July 10, hinted that the Manchukuo delegates are endeavoring to sabotage the proceedings. It says the Soviet delegates went to Tokyo with serious intentions, and it is time for the Manchukuo represenaetives to show that they also went to Tokyo to negotiatt and not to sabotage.

Reports which received in Moscow July 8 from Vladivostok stated that the English, French and Netherlands Consuls called on Li Shao-gen, chairman of the Chinese Eastern Railway, and insisted on a settlement of the question of detention of foreign exports at Prograniichnaya station. Mr. Li agreed to the conveyance of the goods back to Harbin.

Rengo states that the Japanese steamer *Kotohira Maru* was assaulted by Russian trawlers and subsequently captured by them and carried away to Petropavlovsk together with the crew on July 7. The incident occured about four miles off the Kamtchaka coast, while the *Kotohira Maru* together with Yawata Maru was steaming toward the western coast of Kamtchaka.

A Shanghai Real Estate Director Gets $630,000 for "Special Services"

SHANGHAI seems to be on the eve of what the former President Roosevelt referred to as "muckraking," in regard to many of its incorporated institutions, and judging from recent events a little more light on company operations in this part of the world is very much needed. The latest flurry in company circles was when at an extraordinary meeting of the British incorporated Shanghai Land Investment Co., Ltd., held July 4, the assembled shareholders were asked to authorize the payment of $630,000 to one of the directors, Maurice Benjamin, for services of "a special character"—in fact the services were so "special" that H. E. Arnhold, who presided at the meeting (in place of the former Chairman, A. M. Cannan who had resigned in disgust at the action of his fellow directors, evidently working under the tutelage of Mr. Arnhold) repeated at the extraordinary meeting that part of the chairman's speech at the annual meeting of the company which said "it was not considered in the best interests of the company to disclose" the full nature of the services rendered. Mr. Arnhold in repeating the idea later on said it was not in the best interests of the *shareholders* to disclose all the information relative to the making of the payment to Mr. Benjamin.

It was disclosed at the extraordinary meeting that the directors had already, as a matter of fact made this payment to Mr. Benjamin, but as in the opinion of the auditor the legality of this action was somewhat open to question—in common parlance it would be described as "raw"—the directors had asked Mr. Benjamin to refund the money, and according to Mr. Arnhold, Mr. Benjamin had already done so. That is why the extraordinary meeting was called. The directors had made a payment the reasons for which were obscure and the legality of which had been questioned, and now the shareholders were asked to authorize the payment. It is at this point that the meeting became really interesting. The lead in the opposition was taken by L. Soyka, an old resident of Shanghai, who has himself experienced the benefits of politicial upheavals. When the war in Europe broke out in 1914 his large deposits in British banks were confiscated as an enemy, he being a Czecho-Slovakian. By the fortunes of war Czecho-Slovaks became friends instead of enemies, and eventually Mr. Soyka had his funds returned to him, they having in the meantime grown enormously, due to the favorable rates of exchange which had in the meantime ruled. Mr. Soyka, at the meeting did his best to secure a postponement of the proposed action. He pleaded that 40 per cent of the shareholders were absent in Europe and they had not had time to be communicated with. The motion to make the payment was lost on a show of hands. A poll of shares was then resorted to, the result being a majority of 9,868 in favor of the resolution. One of the features of the meeting was a statement by the former chairman, Mr. Cannan, that he was placed in a position where he felt that it was wisest to resign not only his position with the agents but also on the board. Much was heard at the meeting about Mr. Benjamin's abilities for sizing up future values of real estate, his perspicacity in developing properties, and so on, but the argument put forward by Mr. Soyka was that the directors were wrong in giving Mr. Benjamin credit for bigger profits, as results had really been due to circumstances which affected all property owners, and not to any extraordinary genius or foresight on the part of Mr. Benjamin. Increased profits were the result of the drop in exchange and the increase in value of the properties bought cheap but not on the properties bought for the company by Mr. Benjamin, Mr. Soyka argued, adding that the shareholders who financially assisted the company and who got a very small return were entitled to the credit, and not Mr. Benjamin.

It seems that the Shanghai Land Investment Company and Mr. Benjamin really "got together" in 1926, and from all one can gather one of the really great services that Mr. Benjamin rendered to the Company was to allow it to share in the enormous revenue that was being drawn from the British army authorities on leases for quarters, drawn up on the spur of the moment, and at rates much higher than those generally ruling, incidental to the quartering of large bodies of British troops here, following the May 30 incident of 1925 and the intervention of British and other foreign troops in 1927. Thus are British taxpayers at home burdened with debts for the benefit of British real estate interests in the far-off International Settlement of Shanghai.

Japanese Supplying Chinese Communists with Ammunition

A confirmed report from Nanking states that the Communists in Hupeh are receiving arms and ammunition from the Japanese. It has been found that all the deliveries by the Japanese were made at Shenyangkang, near Tayeh. The arms and ammunition are conveyed to Shenyangkang by Japanese warships and then handed over to Yao Oong-yuan, Director of the Shenyangkang Ironworks, who had them transported to Tayeh by the light railway of the Hanyehping Ironworks. From Tayeh the arms were conveyed to Suishui and Wuning, on the Kiangsi border, by coolies and there regular deliveries are made.

Anti-Communist Campaign in Kiangsi Proceeds

The Cantonese troops and the 19th Route Army have both arrived at their respective destinations and are in touch with each other, forming a front extending for 170 miles in southern and eastern Kiangsi. On the west, three divisions of Hupeh troops have arrived on the Kiangsi border and are now advancing on Yutu. The objective of the Cantonese troops in the south will be Chunmen, that of the 19th Route Army Changting, while the Government troops from the north will march on Ningtu.

The main-body of the Communists in Kiangsi under Chu Teh and Mao Cheh-tung retreated end of last week to the mountainous region between Ihuang, Lochang and Ningtu, where they have taken refuge to avoid coming into direct conflict with the Government forces.

The Government troops won a victory at Ihuang, Kiangsi province, latter part of last week after a desperate struggle with a much superior Communist force which continued three weeks. The struggle took place at Ihuang, which was attacked early in June by 60,000 Communists under the personal command of Chu Teh and Mao Cheh-tung, the Red leaders. The Government garrison in that city, which was only two thousand strong, thereupon withdrew into the city. The defenders put up a defence for several weeks during which one-third of them were killed and wounded by the Communists. Casualties on the side of the Communists are placed at three thousand. Po Tien-min, the commander of the brigade, was wounded in the feet. He is now in the Nanchang Hospital for treatment.

Tsai Ting-kai Directs Anti-Red Operations in Fukien

General Tsai Ting-kai arrived at Lungngam, in West Fukien, July 7 in order personally to direct operations against the Communists. The Seventh and Eighth Cantonese divisions have been assigned as vanguards in the offensive on Huichang.

The Government troops have thrown a cordon around the Red area and are prepared an attack simultaneously with the Fukien and Kwangtung forces. Advices from Foochow state that the vanguards of the 19th Route Army have arrived at Changting, the Communist stronghold in Western Fukien.

Complying with the request of General Liu Chen-hua, Commander-in-Chief of the Bandit-suppression Forces for the Honan-Hupeh-Shensi border regions, the Hupeh Provincial Government has appropriated a sum of $20,000 for the relief of the refugees in Huangan and Macheng, north-eastern Hupeh.

The bandits which had infested Southern Shantung for many years have been wiped out as a result of a recent military expedition sent against them by General Han Fu-chu.

Liu Hsiang Heads Bandit Suppression Operations in Szechuen

General Liu Hsiang, Rehabilitation Commissioner of Szechuan, was appointed concurrently Commander-in-Chief of the Szechuen Bandit-suppression forces by the Executive Yuan at its meeting July 7 under the chairmanship of President Wang Ching-wei. The Nanking Government is trying its best to avert an open break in Szechuen province.. General Chiang Kai-shek and Wang Ching-wei in a joint telegram to General Liu recently emphasized Mr. Huang's good intentions towards the governor, saying that the Commissioner, in his reports to the Government, always speaks highly of him and gives full credit to his meritorious services. The telegram finally warns General Liu not to be swayed by undue suspicions.

General Liu Hsiang, following his appointment as Commander-in-Chief of the Szechuen Bandit-suppression Forces, reported to Nanking July 10 that the 21st Army under him will be mobilized to assist the 19th, 20th and 23rd Armies uuder Generals Tien Sung-jao, Yang Sen and Liu Tsun-hua in subjugating the "Reds." The rest will be despatched westwards to halt the strife between the 28th and 24th Armies under Generals, Teng Hsi-hou and Liu Wen-hui.

Following the appointment of General Liu Hsiang as Commander-in-Chief of Bandit Suppression Army, fighting broke out on a large scale between the allied forces and General Liu Wen-huei.

Communists in Northern Szechuen are busily reorganizing and replenishing themselves in preparation for a renewed onslaught on the provincial troops under General Tien Sung-yao, who recently recaptured Kwangyuan from the hands of the Red forces.

Latest reports from the Szechuen front state that General Liu Wen-huei's troops had been defeated on all fronts after fierce fighting with the Allied forces.

Szechuen Allied Leaders Serve Ultimatum on Gen. Liu Wen-huei

The Allied commanders in Szechuen, Generals Li Chi-hsiang and Lo Chen-chow, end of last week delivered an ultimatum to General Liu Wen-huei demanding the immediate return of the territory which General Liu recently seized from General Teng Hsi-hou.

General Liu Wen-huei's troops suffered a serious setback July 4 as the result of an unsuccessful attack on General Teng Hsi-hou's forces. The rival forces face each other at Yunhsien, Weiyuan, Tzechung, Tzeyang, and Lochih. General Liu Hsiang has declared that the object of the present campaign is to remove "the obstacles in the way of effective suppression of the Communists in Northern Szechuen."

General Liu Wen-hui, Commander of the 24th Army, has telegraphed confirmation of the press reports that he had ordered his troops to evacuate Chengtu, provincial capital of Szechuen, on July 9 in accordance with the instructions of the Central Government.

Sinkiang Situation Occupies Government Leaders

Wang Ching-wei has been conferring at Nanking with Chang Fung-chiu, resident representative of the Sinkiang provincial government, and Kung Pi-chen, a member of the Sinkiang provincial Kuomintang. It is understood that as the result of their talks the government wired General Liu Wen-lung not to permit any aggravation of the trouble. Kung Pi-chen has been ordered to proceed o Sinkiang to conduct an inquiry.

A recent telegram from General Liu Wen-lung, acting Chairman of the Sinkiang Province, confirmed the report that three Chinese were recently executed following an unsuccessful coup to turn out the present regime. General Liu reports that he has successfully restored order in Sinkiang.

General Huang Mu-sung Taken Into Custody by Sinkiang Authorities

The report that General Huang Mu-sung, Pacification Commissioner to Sinkiang, had been taken into custody by the provincial authorities, was confirmed by the Nanking office of General Huang July 7. The Government has decided to send two additional delegates to Sinkiang to make investigations at Tihua.

Government officials in Nanking make no attempt to conceal their anxiety concerning the safety of General Huang Mo-sung, the Peace Commissioner in Sinkiang, who is reported to be detained by General Shen Shih-tsai.

Messrs. Peng Chao-hsien, Kung Pi-cheng and Tang Chi-wen, Special Party Commissioners for Sinkiang, were formally sworn in office at the Central Party Headquarters in Nanking July 10. They are scheduled to proceed for Sinkiang Monday, July 18th, by an Eurasia airplane.

1933 Leipzig Autumn Fair Opens August 27

The Leipzig (Germany) Autumn Fair for 1933 will begin Sunday, August 27, and will continue for four days. The Textile Fair will close a day earlier. At the same time there will be a Building Exhibition on the area of the Great Leipzig Technical Fair from August 27 up to August 31.

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Who Owns the Chinese Eastern Railway?

BY HARRY PAXTON HOWARD

THE history of the Chinese Eastern Railway, recently renamed the North Manchurian railway, may seem rather confusing to the average person. The railway was originally built for the purposes of a Russo-Chinese Alliance which was never fulfilled, with allegedly French money in a company in which Frenchmen could not hold shares, and policed by Russian soldiers whose presence China never consented to. After some twenty years it was taken over by a French bank which neither Russia nor China admitted to be owner, and later went to the new Russian Government, which handed the Chinese a half-interest in the line which the French said Russia had no right to dispose of. Russia also renounced the right to maintain troops—a right which China had never acknowledged. In recent months the Chinese railway officials were replaced by representatives of an internationally unrecognized and legally non-existent regime, "Manchukuo," and the Chinese railway guards replaced by Japanese and other troops to which, it seems, only Japan has agreed. At present the Soviet Government, whose right to dispose of the line is denied by both France and China, is negotiating, with a view to sale, with "Manchukuo," which no state outside Japan recognizes the existence of.

That, in the simplest possible terms, is the situation of the Chinese Eastern Railway. Little wonder that Japan's Changchun regime is doing its best to get the railway free of charge. The "Manchukuo" delegate is reported as denying Soviet ownership of the line, and declaring that "no passage could be found in any treaty that could be interpreted as confirming Soviet ownership in the Chinese Eastern Railway." One wonders, in the circumstances, if one could not prove that the railway never really existed. But the rails are there, the stations are there, quite a bit of rolling stock is still there, and tens of millions of passengers and millions of tons of freight have been carried on this very tangible and adequate line. Whatever the legal position and paternity of the child may be, it is certainly a very popular and sought-after youngster.

The Birth of a Railway

The reason for the building of the Chinese Eastern Railway has for the past fifteen years, since the Soviet Government began to make public the secret international intrigues of the Czarist regime, been no secret. The Russo-Chinese secret Treaty of Alliance of 1896, providing for military and naval co-operation in case of Japanese aggression in Chinese or Russian territory, made necessary a railway for the transport of troops and provisions. The railway was built under a special agreement, this serving as camouflage for the secret Alliance. The latter was never actually realized, China remaining neutral when the Russo-Japanese War came in 1904.

The "open" agreement for the construction and operation of the Chinese Eastern Railway was concluded between the Chinese Government and the newly-established Russo-Chinese Bank, a Russian concern of official character. The agreement provided that the Bank would establish a company to be known as the Chinese Eastern Railway "for the construction and operation of this railway," the statutes of this concern to be "in conformity with the Russian usages in regards to railways" and its shares to be acquired "only by Chinese and Russian subjects."

Russian or French Capital?

French claims to the railway are made on the basis that it was French money which actually financed its building, regardless of the clause limiting its shareholders strictly to Russians and Chinese. The French ambassador to Japan recently declared that French capitalists had "invested six million roubles through Russian banks to the C. E. R. at the time the line was built, and thereafter purchased a huge amount of C. E. R. bonds."

This may possibly be true, but the legal position seems very doubtful, in view of the statutory limitation of shares to Russians and Chinese. If Frenchmen secretly put money into a railway being built for military purposes, a railway from ownership in which they are legally debarred, how much legal claim have they? Their situation hardly seems to be helped by the consideration that in appealing to Japan they are appealing to the very country against which the railway was to have been, and in fact was, used. In any case, the Washington Conference took up this question of ownership twelve years ago. The uncertain position of the railway after the Russian revolution, with the Soviet regime kept out of it and a grand scramble for the spoils going on among Japanese, White Russians, Chinese, the Russo-Asiatic Bank (which had suddenly become French), and lesser interests, brought it forcibly to the attention of the Conference in 1921. A technical committee was formed at Washington to study and report on the railway, and this body declared after careful investigation that:

> "The necessary funds for its construction were furnished by the Russian Government, and it was built under the direction and supervision of that Government, acting through the Chinese Eastern Railway Company. The railway is in effect the property of the Russian Government. China has certain ultimate reversionary rights which are provided for in the original contract of 1896."

China's Part

There was no cash investment from China, and no Chinese subjects acquired shares. According to the 1896 contract, China was to pay Tls. 5,000,000 to the Russo-Chinese Bank, and as soon as the line was finished and the traffic in operation the C. E. R. was to pay Tls. 5,000,000 to China. This was done simply as a matter of bookkeeping, no cash being received from China, but the Bank from 1896 to 1916 paid Tls. 5,372,750.43 in dividends to the Chinese Government.

China's first attempt at a share in control of the railway came after the Russian revolution. The Russo-Asiatic Bank, successor of the Russo-Chinese Bank, was nationalized by the new Russian Government. Suddenly, however, the Bank bobbed up again with headquarters in Paris, and under French protection, though this automatically, under the original arrangement, disqualified it from any claim to ownership of the Chinese Eastern Railway, shares in which could be acquired only by Chinese and Russians.

In the meantime, however, the status of the railway itself had altered. Russia's erstwhile allies had turned against her, and were putting forth every effort to overturn the revolutionary regime. In Harbin, as in Russia itself, the troops had gone over to the Revolution, but foreign Powers instigated the Chinese to move troops into the railway zone for the maintenance of the "White" Russian regime. The Soviet troops were deported, Chinese troops took over the policing of the line, the reactionary Horvath was maintained in charge of the railway, and a Chinese president was appointed after arrangement with him. For this, about their only real participation in the Allied crusade to make Russia safe for autocracy, the Chinese were of course adequately compensated.

The Russo-Asiatic Bank Agreement

The Peking Government in 1918 was in the hands of the Anfu gang, wholly under foreign (specifically, Japanese) domination, and Peking a center of intrigue by Japanese, other Allies, and counter-revolutionary Russians. Some of these latter now called a "meeting of shareholders," consisting of a representative of the Bank and seven persons to whom the Bank had issued documents certifying that they held three shares of the C. E. R., it being explained that all the actual shares had been deposited by the Russo-Asiatic Bank in Petrograd with the Russian State Bank there, and remained there. The headquarters of the Bank were now declared to be in Paris, and this unique "meeting of shareholders" elected a new Board of Directors for the Railway.

Strongly backed by the French, the Bank was actually treated as owner of the Chinese Eastern Railway, and in 1920 entered into an agreement with the Peking Government by which the Bank appointed five Directors of the Railway, and China four and a President. Peking's compliance was facilitated by the Bank's agreement to pay China Tls. 5,000,000, in addition to six per cent compound interest from the day of the opening of traffic down to 1920. The old "White" Russian regime remained in technical control of the railway.

This Bank agreement was only terminated by the Sino-Soviet treaty of 1924. French, Japanese, and others tried to prevent the signing of this, France particularly insisting on the new position of the Russo-Asiatic Bank (claiming to be the only C. E. R. shareholder) as a French company. The Chinese, however, were able, on the basis of the clear provisions of the 1896 Agreement, to ignore this claim, and reached an agreement with the Soviet by which the railway became a joint Sino-Russian

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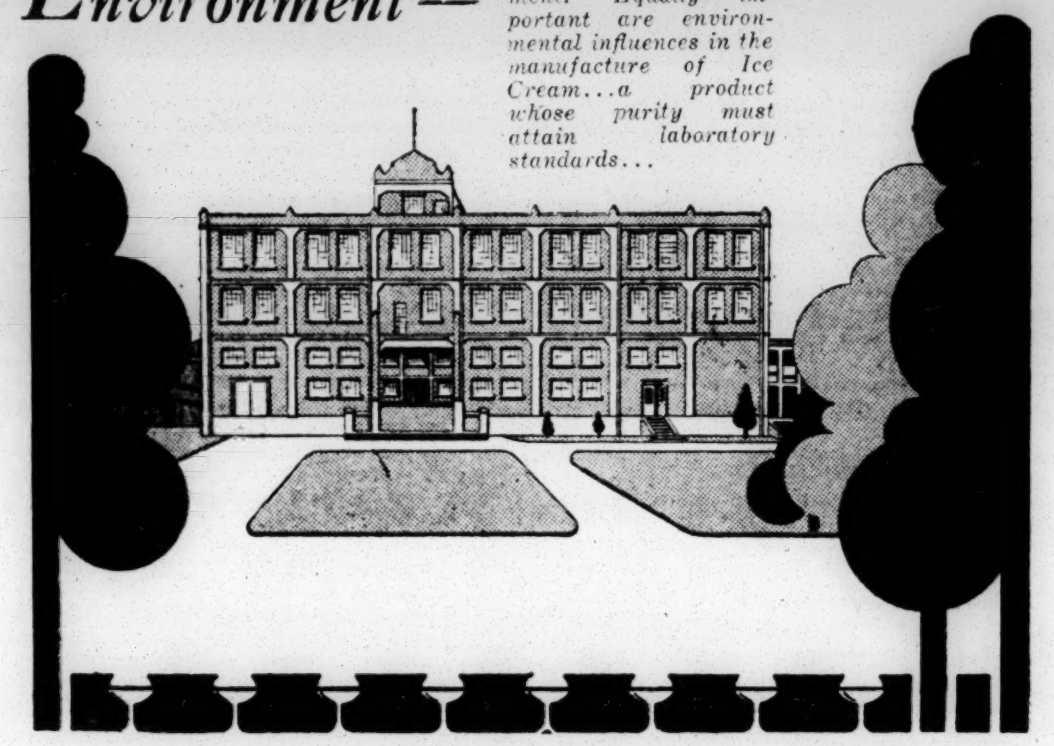

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enterprise, under Soviet management and with a Board of Directors of which the Russians appointed five and the Chinese four and the president.

The 1924 Agreement

It is this 1924 Agreement upon which the Chinese claim to a half-share in the C. E. R. mainly rests. The Soviet Government not only gave China a half-interest in the Railway, but relieved her of all responsibility in connection with other claimants, the Soviet agreeing "to be responsible for the entire claims of the shareholders, bondholders and creditors of the Chinese Eastern Railway incurred prior to the Revolution of March 9, 1917." The Chinese share, therefore, was legally free of all encumbrances.

The "Manchukuo" officials, as they took over various Chinese Government properties in Manchuria, took over China's share in the C. E. R. "Manchukuo" representatives appeared as Directors of the line as successors to representatives of China. The interference with communications between Russia and Manchuria has created, finally, a situation in which the Soviet is very desirous of selling the Chinese Eastern Railway. It has been a very valuable and profitable line, from a commercial viewpoint, but in the present circumstances is more of a liability than an asset.

The Russo-Asiatic Bank has, like the Fengtien regime, gone into liquidation, being succeeded by the Franco-Asiatic Bank. This bank is now upholding French claims with regard to the Chinese Eastern Railway, and its representative, Mr. Massenet, has been busy in Tokyo and Changchun in connection with the line.

The Present Negotiations

The present negotiations over the disposal of the Chinese Eastern Railway are, therefore, not simply a two-sided affair. There are several claimants to an interest in the line. As soon as the Soviet proposal was made to Japan the Chinese Government protested, pointing out that the 1924 Agreement stipulated specifically that the future of the C. E. R. was to be decided by China and Russia alone, any third party or parties being excluded.

Technically, indeed, the negotiations are not between Russia and Japan, but between Russia and "Manchukuo," which claims succession rights to the properties of the previous regime. The Soviet Government's offer was made to Japan, but when the conference actually opened, at the official residence of Japan's Foreign Vice-Minister, the delegates were welcomed by Foreign Minister Uchida with the announcement that Japan was simply playing "the intermediary role of offering their good offices in connection with the present negotiations," as "Manchukuo has no diplomatic relations with the Soviet Union, and as the present proposal for the sale of the North Manchuria Railway was first made to the Japanese Government."

This was a most astute move on the part of the Japanese. The Soviet had made no sales offer to "Manchukuo," and in fact had never recognized the new regime. Japan, however, put the Soviet delegation in the position of negotiating with the as yet unrecognized Government, at the same time as Japan was able to disclaim responsibility for "Manchukuo's" acts. It was a step towards Soviet recognition of "Manchukuo." And it enabled the prospective purchasers, as the successors to the former Chinese regime in Manchuria, to lay claim to Chinese rights in the Railway,—however much this claim might be worth.

The "Manchukuo" delegation, in fact, is suggesting that the Soviet has no right to put a price on the railway anyway, in view of the fact that the line was built in pursuance of Russian Imperialist aims which the new Russian Government denounced fifteen years ago. "Manchukuo" has also brought up the question of the Karakhan offer to China in 1919, when Moscow appealed to the Peking regime to co-operate with revolutionary Russia instead of with the Imperialists, and renounced all Imperialist privileges in China. The Chinese claimed later that the Soviet had actually given the C. E. R. to China, free of charge, but at the time of the Sino-Soviet negotiations in 1924 Peking was unable to produce documentary evidence of this. The "Manchukuo" delegation is now repeating this Chinese contention, though with some caution in view of the fact that in March 1932 it entered into part administration of the C. E. R. on the basis of the 1924 Agreement, and has since then been working on that basis, though this Agreement recognizes the Russian Government as owner, with full power to dispose of the Chinese Eastern Railway, down to 1924, when itgave a half-share to China.

Tokyo, while in *de facto* control, is now, technically, in a position to deny responsibility, and when the French ambassador called Japan's attention to French claims in the line Mr. Shigemitsu came back with the formula that the negotiations over the railway "were going on directly between Manchukuo and Soviet Russia," that "Japan was only offering her good offices for making the negotiations successful," and that France had better take the matter up with the Soviet Government.

How To Get Something For Nothing

The task of the Japanese Government is how to get the railway without paying for it, either to the Soviet or to France. They are aided, of course, by the conviction that the Soviet will not risk a first-class war on account of a railway outside of Soviet territory. Japan also, single-handed, would not risk a war with the Soviet Union, but there is always the possibility—a veritable bogey to the Bolsheviks—that Japan would have support from some other Powers in a war against the Communist State.

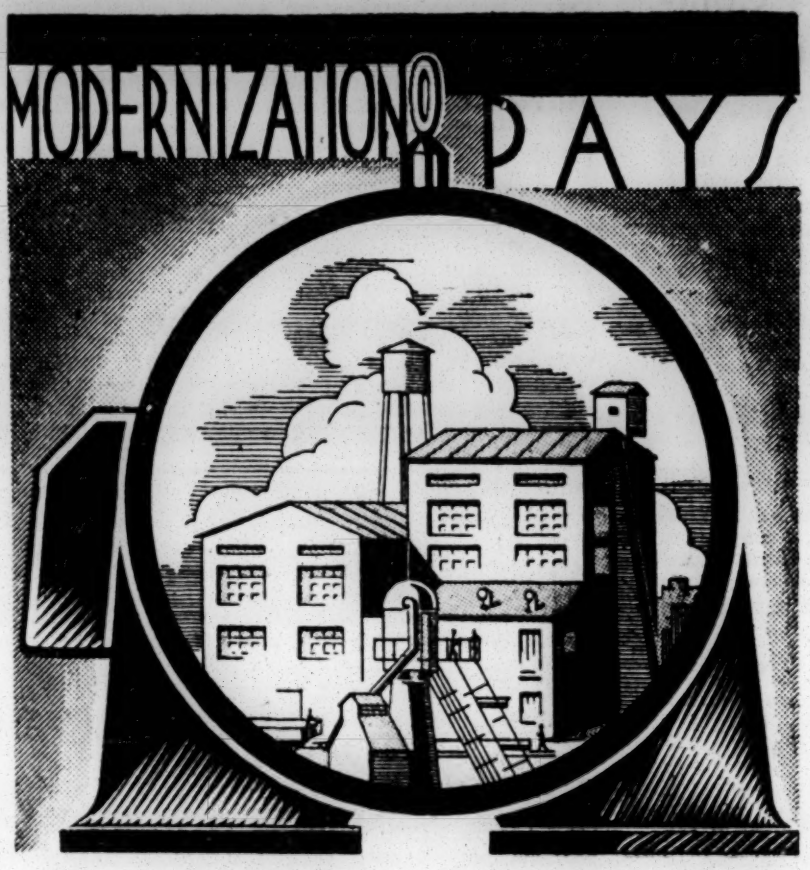
On the other hand, to recognize French claims would mean the necessity of paying fairly heavily for the line. "Manchukuo's" claim to a half-interest in the line rests on the 1924 Treaty, and if this is disregarded it means that not merely a half-share, but the whole property must be bought and paid for, if it is to be taken over at all. And the French, however they may feel about paying their debts, are in no way backward as collectors.

Japanese diplomacy, therefore, must steer a most careful course. The Soviet has in its hand—or rather up its sleeve—a trump card,—the French claims to ownership of the line. If pressed too hard, the Soviet can turn the line over to the French in exchange for some suitable consideration, and the Japanese would be faced with the unpromising prospect of bargaining with Frenchmen. It may be significant that while the Tokyo negotiations were in preparation last month, secret negotiations between Soviet and French representatives were going on in London, reportedly for a Franco-Soviet trade agreement, and had made "substantial headway," though no details have as yet been divulged. France is already (like her eastern European Allies) bound to Soviet Russia by a non-aggression pact, and would undoubtedly be willing to give a substantial quid pro quo for a friendly offer from the Soviet recognizing French claims in the C. E. R. The Russians could wash their hands of the business, the French could go into it with all the spirit and enthusiasm of the Gallic bondholder, and everybody would be happy,—except perhaps the Japanese and their "Manchukuo" friends.

Japan, therefore, cannot press the Soviet too hard. But she has the advantage of *de facto* control of the line, and can spin out the negotiations endlessly, time playing into her hands while the Soviet suffers the main loss from the railway tie-up. At the same time, of course, Tokyo and Changchun are open to offers from the French, who have been trying most vigorously for the past year and a half to get some recognition for their claims, but the Japanese are well aware that bargaining with the Russians is far better than with the French. It seems unlikely that Japan—or "Manchukuo," to be technical—will get the Chinese Eastern Railway free of charge, however muddled the question of ownership.

Russian Fiancee Poisons Self in Danish Telegrapher's Hotel Room

Miss Tamara Tavgueridze, Russian, 24 years of age, committed suicide Sunday July 2 by taking poison in the room occupied at the Embassy Hotel, Shanghai, by F. M. Bjergfeldt a Danish employee of the Great Northern Telegraph Company. On her dead person were found about $140 in notes with a letter requesting that the money be sent to her mother, Mrs. Sofia Tavdgueridze, at Harbin. Miss Tavguiridze came to the Embassy Hotel during the noon hour and immediately went up to Mr. Bjergfeldt's room. There, following a short conversation, the girl is said to have gone into the bathroom, later coming out saying that she was feeling ill. She was removed in evident distress to the General Hospital, where she died shortly afterwards. She is survived by both her parents living in Harbin whom she had been supporting. She was formerly employed by the American Bible Society, a position which she resigned in order to marry Mr. Bjergfeldt. A quarrel is stated to have been the impelling motive for the girl's suicide. Elisabeth Cox in a letter to the *N.C.D. News* paid a high tribute to the deceased, a member of an old Russian family. She had worked assiduously to support her parents in Harbin, who had become dependent on her through financial reverses. She returned to China several years ago after having gone to the United States to study commercial systems. She taught shorthand in Harbin before coming here.



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General Liu Besieged by Office Seekers

(From a Correspondent)

KAIFENG, July 4.—General Liu Chih, chairman of Honan, who had been ill several days, is recovering. It had previoudy been strongly asserted that General Liu Chih would be transfered to Kiangsi, and General Shang Chen, commandant of the 32 army, appointed to be General Liu's successor, but judging from the present situation in the north, General Liu may continue his position here for the time being, as the case of Marshal Feng Yu-hsiang in Chahar has not been settled.

General Li Pei-chi, newly appointed civil commissioner of the province, is General Shang's man. It is said that in case General Liu leaves Honan, General Li may be appointed to act for General Shang. General Li was former chairman of Suiyuan and has much experience in politics.

Hu Shih-ching, newly appointed chief secretary to the Anhuei Provincial Government, is said to have resigned his position, and will come to Honan to accept the professorship of the Honan University in Kaifeng. Mr. Hu has refused to attend the Weekly Memorial Service of Dr. Sun Yat-sen, and read Dr. Sun's will. He is a well known scholar and author, and has written many books on the settlement of the social problem in China.

According to arrivals, more than 1,500 Honan office seekers are crowding Anching, the provincial capital of Anhuei, as General Liu Chen-hua, the newly appointed chairman of Anhuei, is a Honanese. General Liu who is now stationed with his army at Huangchuan, on the Honan-Hupeh border, has telegraphed them saying that he would not change any officer in the provincial government or in the other goverment organs, and advising them to return to their native towns. General Liu says that he hates to follow the example of the other military men or provincial chairmen who appoint their natives, relatives and friends as officials without regard to their abilities and that he prefers "Anhuei for Anhuei men."

More than 3,000 bandits recently appeared in Chihsien, Taikang, Suihsien, Fingling, Luyi, and Checheng, in East Honan. The Provincial Government is urgently requested to dispatch troops to suppress them.

Shanghai Shipping Guild Wants Action on Piracies

The problem of dealing with piracy in Chinese waters will be discussed at a special conference to be convened Nanking by the Ministry of Communications. Invitations to participate have been sent to all official organs concerned as well as to shipping circles in the country. A *Kuo Min* message from Nanking July 3 stated that the increasing boldness with which pirates now operate has proved a serious menace to Chinese vessels, who are frequent victims in view of their inauequate protection.

Japanese Want More Representation on Shanghai Police Force

A movement for increased Japanese representation on the Shanghai Municipal Police started by the Japanese Residents' Corporation is gaining strength, as may be judged from the prominence given it in newspapers in Japan. The program of the Residents' Corporation is three-fold, and envisages the following objectives: Appointment of one Japanese deputy commissioner of police; appointment of two additional Japanese assistant commissions of police, bringing the total up to three; and elimination of discriminatory treatment to which Japanese police officers in the service of the Municipal Council are said to be subjected.

Another Japanese Abjures Communism While in Prison

Dr. Hajime Kawakami, a former professor at Kyoto University, who is on trial for taking a leading role in the Communist party by offering Yen 10,000 toward party funds, on July 7 abjured communism and declared that he would secede from the Communist party. *Rengo* says the doctor wrote as follows from his prison cells: "Once in the secluded walls of a prison, one realises for the first time in one's life the mentality of a hermit whose gentle occupation is the gathering of herbs in deep mountains away from the common toils of life. It seems human nature to crave a peaceful death. That I shall live the rest of my life after my freedom is obtained, in my old study in my home, is the ardent desire taking possession of my mind at present."

The dispatch says nothing of the means employeed to induce the doctor to write as he allegedly did.

It Is a Crime in Japan to Contribute to Communist Funds

Seikichi Fujimori, a prominent proletarian writer, was sentenced in Tokyo July 8 to two years' imprisonment with hard labor on a charge of having contributed donations to the Communist Party movement—which is illegal in Japan. Other Communist Party sympathizers were also sentenced to varied terms of imprisonment.

Communists Receive Military Training Near Vladivostock

A recent Harbin message stated that many female Communists, between the ages of twenty and thirty are undergoing a short course of military training at Vladivostok and Razdolnaya, a large military depot forty miles from Vladivostok. The majority of the recruits, it is said, are composed of Russian, Chinese and Korean women, and their training embraces field tactics, musketry Red Cross work, use of gas masks and the application of anti-gas measures. It is also reported that a battalion of Koreans have been enrolled and are now undergoing military training at Vladivostok.

"Thought" Case Procedure to Be Hardened

Provision was made at a recent conference of the judicial authorities held in Tokyo to revise the Peace Preservation Law, that the Judges and procurators in charge of "thought" cases are to be greatly increased. A new system of protection and supervision is to be inaugurated, protecting officers who strive to convert "thought" offenders for whom prosecution has been withheld. A prison affairs committee is to be appointed to decide the release of "thought" prisoners, that is, whether sentence of imprisonment for an indeterminate term, or the penalty of preventive detention is to be inflicted, on "thought" offenders. The period of forcible detention on procuratorial writ is to be extended.

Joshiro Tonamachi, the Tokyo public prosecutor, is at present in England studying the British legal system. He was warmly welcomed by Recorder Wild at Old Bailey June 27.

"Sunstroke" Kills Japanese Troops in Maneuvers

Seven soldiers have died and 30 are reported to be in a critical condition as the result of sunstroke during the training of a Japanese brigade at the base of Mount Fuji July 2 while between 120 and 160 others are reported to have been struck with the sun. The War Office authorities are stated by *Rengo* to be taking a serious view of the matter; the regimental commander is to be held responsible. A paragraph in the *Japan Chronicle* July 4 stated that although the regimental staff prohibited the fact from being disclosed, it is alleged that the most of the dead committed suicide after becoming insane, their bodies bearing serious injuries caused through their self-stabbing with bayonets. Seriously affected patients under treatment in the Military Hospital at Mishima are said to be insane.

The extreme severity of Japanese army training is a well-known matter, but the officers on this occasion seem to have overstepped themselves.

U. S. Episcopal Primate Supports Japan

A *Rengo* dispatch from Chicago June 24 stated that the Reverend James de Wolf Perry, Primate of the American Episcopal Church, told the Church Club in that city that Japan's Manchurian and Chinese operations were a "job that had to be done and were done. That's all there was to it. Friendship between America and Japan will establish a lasting peace over the Pacific." The Reverend Perry, a grandnephew of Admiral Matthew Galbraith Perry, had just returned from a trip to the Far East.

It is now regarded as certain that the Japanese Government's budget estimates for the fiscal year of 1934, will reach the enormous sum of from Yen 2,270,000,000 to Yen 2,280,000,000, including expenditures for the launching of various new departmental enterprises.

Japanese Claim Soviets Oppress Them in Vladivostok

The systematic oppression by the Soviet authorities on Japanese commercial interests in Vladivostok is becoming more and more evident of late, according to a report received by the North Japan Steamship Company from Shigeji Kondo, an agent of Japanese steamship companies in Vladivostok. The Japanese steamship companies in Vladivostok are practically unable to continue their business as they have been forced to return all the warehouses and grounds to the Soviets, shipping and discharging of cargo being left to the Soviet hands entirey, Mr. Kondo reported.

Plot to Assault Minister Araki Frustrated

A deep-land plot on the part of reactionaries belonging to the Nihon Seisanto (Japan Productionist Party) aimed at assaulting War Minister Araki and other government dignitaries as well as financial magnates was nipped in the bud by wholesale arrests made in Tokyo July 11, which including Zen-ichi Suzuki, whom the Japanese police been shadowing for a long time.

Official residences of leading government officials and mansions of financial magnates were closely guarded by police and gendarmes during the night and the following morning as precautionary measures.

The Cabinet Council in Tokyo, July 11, approved the resignation of five professors on the law faculty of the Kyoto Imperial University who are regarded as leaders of the recent dispute revolving round the Edudation Ministry and the faculty of the Law Sohool and students of the university over the forced retirement of Professor Takikawa.

Japanese Cotton Exports Create New Record

The export of Japanese cotton piece goods to foreign countries amounted to Yen 182,880,000 the first half of the present fiscal year, according to the returns recently issued by the Finance Ministry at Tokyo. This marks a new epoch in Japanese foreign trade.

Did T. V. Soong Start Loan Negotiations in England?

A Conservative member asked Neville Chamberlain in the House of Commons July 8 whether he was aware that T. V. Soong, Chinese Minister of Finance, is now negotiating with a prominent firm of London bankers for a large loan to China, the proceeds of which may be used for the purchase of goods abroad. He asked that a condition be made in sanctioning the issue of such a loan that it should be expended in the purchase of goods in Great Britain. The Government in a non-committal reply stated that no loans were being made anywhere at present.

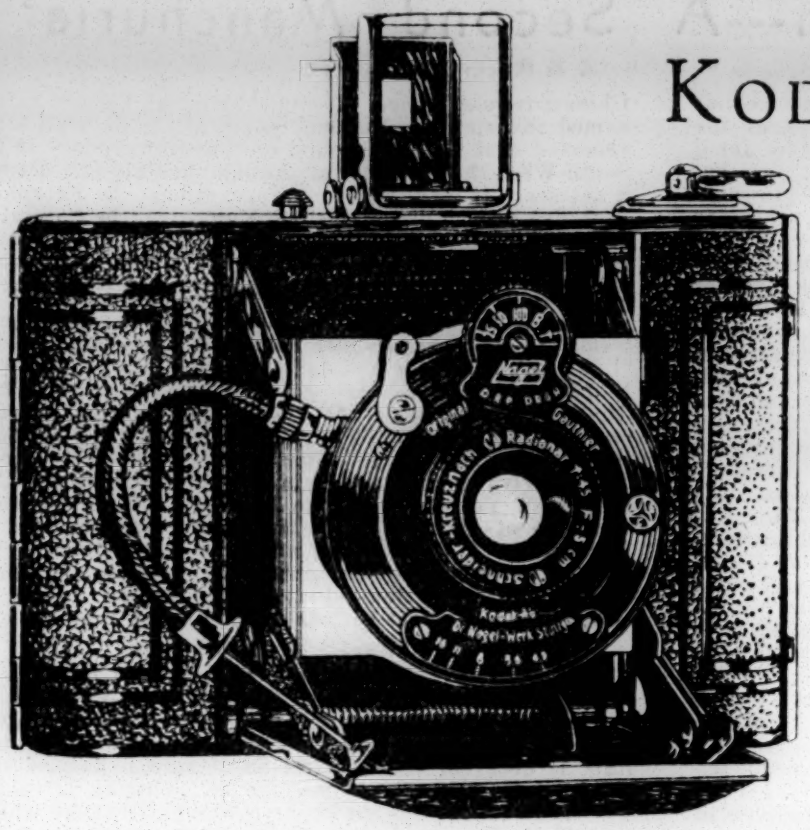
T. V. Soong was scheduled to leave Italy July 14 on board the Italian Liner *Conte Rosso* due to arrive in Shanghai on August 7. He went by plane from London to Rome, where he met Chang Hsueh-liang.

Millions Paid Out on Account of China Debts

According to statistics published in Nanking July 6 the Ministry of Finance during the 11 months between July, 1932 and May, 1933, paid out $106,671,975 on debt charges.

Sir Miles Lampson, the British Minister, submitted to the Nanking government July 8 an aide memoire on Chinese railway debts to the Chinese Foreign Office. After pointing out that British interests in Chinese railways total £5,733,792 and ¥1,468,844, the note requested early settlement of all outstanding payments. The Chinese Foreign Office forwarded the communication to the Ministry of Railways.

Chinese Government bonds showed a favorable tendency on the London Stock Exchange July 6 realizing important gains. Thus the gold loan of 1912 advanced for drawn numbers from 55 to 57½; the 1913 reorganization loan, London issue, went up to 86, and Paris issue to 82.



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Yangtsze Flood Danger Not Yet Past

(From a Correspondent in Hankow)

With the definite drop in the Yangtsze water level, people in Hankow are breathing somewhat easier. It is now (July 5) 45.1, or eight and-a-half feet below the highest watermark recorded, the 53.6 of 1931. This is not a great deal more than the water level of last year, 1932, when the water stood at ca. 43 feet. It is the considered opinion of engineers that there is still danger of flood. But unless the local rains and the upper reaches of the Yangtsze coincide there is no likelihood of a flood.

However, all possible precautions are being taken to guard against another catastrophe. The huge system of concrete dykes around the Concession and former Concession areas, witness the thoroughness of the preparations made by local authorities. The Japanese just got their concrete dyke in order before the water reached the Bund level. Now it must be borne in mind that the Bund level is approximately five and-a-half feet below the concrete dyke. So if the new dyke system holds there should not be the danger of flooded streets as in the pre-concrete-dyke days. Moreover, the authorities have installed electric pumps to handle the sewerage, thus preventing any backflow. These are functioning very efficiently at present.

Every one hopes for a dry July. On the whole people are very optimistic, hoping that by the law of averages, Hankow will escape this year. But not to be caught napping automobile owners are storing their cars in second-story garages, before going away for their summer holiday. Merchants with stocks in low-lying godowns are planning how to evacuate in a hurry should the Yangtsze suddenly rise. They have adopted the Scout motto and believe in being prepared.

Floods in Many Parts of China

Reports from Shensi indicate that the Wei River has overflowed its banks at Ta Li, about 30 miles from Tungkwan. The Yellow River at Tungkwan is also reported to have risen considerably.

Heavy rains in Shensi province caused the Feng Ho to overflow July 7 near the west gate of Taiyuan. Twenty villages there were inundated, as well as the suburbs of Taiyuanfu.

A section of the Nanchang-Kiukiang Railway at Hsuchiapu was submerged end of last week as a result of the rise of the Kan River and other waterways in Kiangsi province.

The Chang Ho (River), in northern Honan, overflowed its banks July 7.

The Executive Yuan has approved a petition of the Ministry of Interior for the creation of a Hunan-Hupeh Lakes and Rivers Conservancy Committee, which will undertake dredging operations in the two provinces as a means for flood prevention.

The flood waters of the Yellow River, which recently inundated several villages on its banks along the Shensi-Shansi border, reached Honan July 9. Reports from Shenchow, western Honan, state that the River at that point suddenly rose eight feet latter part of last week.

***

Yangtsze Rises Suddenly at Wanhsien

As a result of torrential rainfall latter part of last week Wuchang, Hankow and Hanyang have all been flooded. In the lower parts the water is several feet deep and, in many places, communications are interrupted. The water level of the Yangstze once more rose by five inches.

Reports received at Nanking, July 10 noon, stated that the level of the Yangtze at Wanhsien registered the phenomenal rise of over 30 feet that morning.

The Yungtingho, which runs a few miles west of Peiping, broke through the dyke on the Peiping side July 9, flooding a considerable strip of countryside.

The Han River in northern Hupeh, has again risen, reviving the menace along its banks. Officials in charge of flood prevention declared July 10 that the present situation along the river is more dangerous than the sudden rise on the upper reaches of the Yangtsze reported during the previous few days.

A serious situation has developed along the Grand Canal in southern Hopei where its waters are on a level with the dykes.

Whither Yunnan---A Second Manchuria?

BY C. Y. W. MENG (孟長祐)

IT is interesting, significant and important to notice that since the Japanese invasion and occupation of the Chinese Eastern Provinces (Manchuria) and Jehol and their military activities in the North China, there has been a tremendous change of the Chinese attitude towards foreigners. The Chinese suspicion and apprehension of a foreign invasion, another "scramble of concessions," struggle for the balance of power in the Far East, "dismemberment of China," etc., which once took place, or threatened to take place at the end of the 19th century, have been revived. The fact that the Powers have taken no substantative action to restrain the present Japanese aggression in China in spite of China's repeated appeals has aroused the great indignation of the 450,000,000 Chinese, and have caused them to infer that "all foreigners are bad." If one will go to Chinese book shops, one will be surprised to see that so much literature (pamphlets, magazines, etc.,) has been published recently by the Chinese writers, or their associations. If one will further read over the contents of some of these publications, one will be greatly surprised to see that aside from discussing the Manchurian problems, the actions of the League of Nations, the American, British or French policy in the Far East, etc., many articles and editorial comments have unanimously called the attention of the National Government as well as the people, not to neglect any more the other frontier problems such as in the "South-West," pointing out that it is largely due to the fact that the Chinese in the past have paid no attention to the frontier problems in the "North-East" that was responsible for the loss of Manchuria and Jehol to Japan, and that if the Chinese are still indifferent to the frontier problems in the South-West, the south-western frontier territories will be also lost in rapid succession. In other words, the Chinese have now realized the seriousness of the situation and are urging the people of the country to "look out" for suspicious foreigners and to take action to oppose them.

Some articles discuss the Russian attempt to annex Outer Mongolia and the Russian ambition to find a seaport on the Persian Gulf through the Middle Asia—that is, through Sinkiang (Chinese Turkestan) and the northern part of Ning-Hsia Province,—and the completion of the "Turk-Sib" Railway, which runs parallel to the border of Sinkiang Province, are a prima facie indication of the Russian ambitions in Middle Asia. Some articles discuss the continuous warfare between the Tibetan chieftains and Sikong troops and point out that the British are really the figures behind the whole trouble, and that the British intention is to protect her India and to prevent the "Northern Bear" from coming down to India through Chinese Turkestan. Many of these articles discuss the British and French ambitions in Yunnan Province, pointing out the many pending problems between China and Great Britain, and between China and France. The Chinese are now fully aware that the diplomatic problems of Yunnan should be quickly taken up and it is these problems that we are discussing here.

Manchuria and Yunnan—Similarity of the Problems

To the Chinese there are apparently many points of similarity beween the Manchurian and Yunnan problems. First: Manchuria is bordered by Russia and Japan; while Yunnan is bordered by the dependencies belonging to Great Britain and France. Secondly, Japan has employed the South Manchuria Railway as an instrumentality for the political and economic exploitation of Manchuria and has established the South Manchuria Railway Association to do the work; while France has employed the Tonkin-Yunnan Railway as an instrumentality for the political and economic exploitation of Yunnan and has established a Tonkin-Yunnan Railway Company to do the work. Thirdly, Japan has employed the Korean Bank and Specie Bank as instrumentalities to manipulate the Manchurian finances to issue notes, etc., thus putting the finances in Manchuria in disorder and putting the Chinese native banks and provincial banks in great difficulties; while France has established an Oriental Exchange Bank to issue notes, and to do the same kind of work in Yunnan. Fourthly, Japan has stationed two divisions of troops in the districts along both sides of the Railway, preparing for the armed invasion of Manchuria, and while there are no French troops in Yunnan territory, nevertheless, by agreement, the Yunnan provincial government has to appropriate a sum no less than $300,000 or $400,000 to maintain the Tonkin-Yunnan Guards, which are not Chinese troops nor Chinese regular police. Though there has been no actual armed invasion of Yunnan, nevertheless, it was often reported that on the ground of "bandit-uprising" in the South-West, the Governor of Annam has always deemed it necessary to make military preparations. In February, 1932, five French planes visited Kung-min, the Capital of Yunnan, without any form of notification or approval from the Yunnan Government.

Manchuria and Yunnan—Difference of the Problems

However, there are some differences in the two problems. First: Japan has regarded Manchuria as its "life-line," or as the national defense line of the Island Empire, while France may not look upon Yunnan as her life-line. Secondly, Manchuria is very rich in natural resources, and any power in possession of it will dominate the world; Yunnan is not so rich in these respects. Thirdly, rivalry in Manchuria is very keen, while the rivalry in Yunnan is not so keen and the international situation of Yunnan is far less complicated than that of Manchuria. Differences in all these points necessarily involve differences in the nature of the policy pursued, and degree of action taken, by Japan and Russia in Manchuria, and Great Britain and France in Yunnan.

Yunnan Described

Yunnan lies in the extreme south-west of China and is the second largest province in the country. The Chinese writers and historians usually compare China to a watermelon, with Yunnan as the stalk of the melon. "If the stalk is decayed, the watermelon is sure to fall on the ground into pieces," said one writer. Yunnan is really important, for it holds the key to Szechuen, through which to reach the Yangtse Valley; to Hunan through Kweichow, and to the famous Pearl River, through Kwangsi. Important as it is, but due to the poor means of communications in the country, Yunnan is not much heard of by the other parts of China. Due to the political situation, neither could we pay much attention to Yunnan affairs. Formerly, when Annam and Burma were still tributary states of the Chinese Empire, Yunnan was comparatively safe. But when both of these were lost, "Yunnan was exposed to danger," as another writer has pointed out.

Some Outstanding Problems

There are just as many outstanding problems between China and Great Britain, and between China and France in Yunnan as there are between China and Russia and Japan in Manchuria, and we may discuss briefly some of them:

1.—Tonkin-Yunnan Railway: By the Agreement of 1898, China granted to the French Government permission to construct a railway running from the frontiers of Tonkin to Yunnan. China had no obligation except to furnish the land for the road and its appurtenances. By the Agreement of 1903, the Agreement of 1898 was put into execution. The construction of the railway was begun in Tonkin in 1901, and in Yunnan in 1904. The construction work was undertaken by Compagnie Francaise des Chemins de Fer de l'Indochine et du Yunnan, with a capital of about 20,000,000 francs.

Article 34 of the Sino-French Agreement provides:

> "At the end of 24 (according to French text, it is 80 years), years, the Chinese Government may enter into negotiations with the French Government to take back the line and all properties connected therewith, upon the full payment of the costs of the construction, industrial profits, interest paid, and the expenses of every sort attributable to the Railway.
>
> "If at that time the said costs, values and expenses have been fully repaid by the revenues of the line, the line and all its appurtenances may be turned over without charge into the hands of the authorities of Yunnan, who will take control of it. For the appraisement of the construction and other expenses, the French budget accounts established at the time when the negotiations above contemplated may have been entered into, will be taken as a basis for estimating whether or not the Chinese eventually have to make a payment before entering into possession of the Railway."

That is, China could take back the Railway if China could pay for it, or if the revenue of the Railway has been sufficient to pay its cost of construction. But in order to make this provision innocuous, the reports from the Railway Company to the Yunnan authorities always show a large deficit, despite the fact that reports from other sources

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always show the receipt side to be greater than the expenditure side. The total receipts for the year 1929: Francs 53,936,647.61; for the year 1930: francs 50,192,577.38. The total expenditures for the year 1929: francs 45,492,-357.32. and for 1930 francs 44,370.563.02. (see China Year Book—1931-32.). Then, we would like to ask, what is the real French intention? When has China the hope to take back the Railway?

2.—5% Gold Loan Contract of 1914, for the Construction of Ching-Yu Railway: In 1914, Hsiung Hsi-ling, Minister of Finance, and Chow Tse-chu, Minister of Communications, signed a contract with the Banque Industrielle de Chine for a 5% Gold Loan for the construction of the Ching-Yu Railway. Section 1 of Article IV provides: "The construction of a railway line, which passing through Nanning, Peseh, Singyi, Loping, will connect the port of Yanchow (Kwangtung) with Yunnanfu (capital of Yunnan) and for the equipment in material and rolling stock, and the putting of it into working order." Section 2 of the same article provides: "The construction of a railway line which crossing the Yangtsze at Suifu, will connect Yunnanfu with Chungking (Szechuen) and its equipment in material and rolling stock and the putting of it into working order." That is, the Railway, when constructed, will traverse five provinces, namely, Kwangtung, Kwangsi, Kweichow, Yunnan and Szechuen.

In discussing this problem, we can do no better than quote what was said by Chang Wei-han, Special Commissioner of Foreign Affairs in Yunnan. In his petition to the Ministry of Railways requesting to cancel the contract, Mr. Chang says:

". . . . . It goes without saying that such a contract is the French instrumentality to annex China. There are two blunders in the contract. First, the contract does not provide that in the event the Banque Industrielle de Chine fails to start the construction work in accordance with the stipulated period in the contract, the contract shall be nullified. Secondly, according to Article 18, the Banque may transfer or assign all or a part of its rights, powers and advantages to any other Group, Company or Bank, etc., but such Group, etc. must be of French nationality." That is, if the French do not begin the construction work, the Chinese can do nothing; for the Chinese are bound by the contract not to make a loan any other people other than of French nationality for the construction works. When the Chinese put up their own money to construct the railway line, the French will protest. That is to say, the Ching-Yu Railway forever could not be constructed. The French intention is to control the Chinese railways and put them under their sphere of influence. Kwangtung and Kwangsi are under the French sphere of influence, while Yunnan is dominated by the French. So in order to find the way out for Yunnan, to strengthen the national defence of the South-west, to develop the natural resources in the country, the only way is to abrogate the above contract and to take new steps."

That is sufficient to show that the contract is very detrimental to the Chinese interests.

Huge Imports and Exports

In another petition, Mr. Chang pointed out that the imports and exports of Yunnan amounted to no less than $100,000,000 annually, but Chinese goods must be transported through the Tonkin-Yunnan Railway and must pass through Annam and Hongkong (British), and he pointed out further that all profits went to the foreigners. Mr. Chang then urged the early construction of the railway line connecting Yunnan and Kwangtung, thus giving better means of communications in Yunnan, Kwangtung and Kwangsi. He preferred to complete first the Yunnan-Kwangtung Railway, rather than the Yunnan-Hunan Railway.

Since the receipt of his petitions, the Chinese have made attempt after attempt to abrogate the contract. The C.P.C. (Central Political Council) took up the problems seriously. Dr. C. T. Wang, when he was the minister of foreign affairs, devoted much of his efforts to effect the abrogation of the contract, but up to now, the French have not yet shown any willingness to yield to the Chinese aspirations; nor their readiness to negotiate these problems with the Chinese.

At present, we understand, the South-West Council in Canton has decided to complete the 5-Province Railway System connecting Kwangtung, Kwangsi, Yunnan, Kweichow and Szechuen, in five years. Preliminary preparations

are reported to have been completed. Railway bonds for $100,000,000 are to be issued etc. The question is: Will the French set up obstacles by lodging protests with the Chinese authorities on the basis of the contract of 1914, at the time when China is ready to put the constructive projects into execution; or will the French agree willingly to abolish the contract of 1914 and further give China every possible assistance? Which alternative the French will take will indicate and depend upon whether the French are still pursuing the imperialistic policy or a friendly policy in China.

3—Sino-French Commercial Treaty of 1930: In view of the fact that the out-of-date Sino-French commercial treaties were unilateral in principle and have imposed many difficulties upon the Chinese people in Annam, the National Government negotiated with the French Government for the revision of the treaties. As a result, a new commercial treaty was reached in May 16, 1930. There is actually a marked difference between the old and new commercial treaties.

By the new treaty, the Chinese could establish more consulates in many places in Annam (See Article 3 of the New Sino-French Commercial Treaty of 1930). The system governing the issuance of passports to the citizens of the respective countries, etc., was much improved (see Article 4). It provides for the rights of the Chinese and French to reside, travel, and trade in the territory of the other, etc. (see Article 5). It provides both better tariff rates to Chinese goods entering Annam territory, etc. (see Article 6).

But unfortunately, the treaty, good as it may be, for some unknown reason has not yet been ratified by the French Government, and therefore, it is not yet enforceable. The Chinese really could not think of any reason for the non-ratification of the Treaty by the French Government except that the French are unwilling to yield to the Chinese legitimate aspirations, and are still insisting to hold on to the out-of-date treaties.

At the Washington Conference, the French delegate made a solemn promise that if the British were to return Weihaiwei to China, the French would return Kwangchauwan to China. The British returned Weihaiwei to China years ago, but the French still retain Kwangchauwan. The failure to live up to their words together with many other problems, partly discussed above, has made the French very unpopular to the Chinese, particularly in the South-West of China, and has almost convinced the Chinese that the French are still pursuing the old imperialistic policy in China, though others may have discarded it already. So, when the Chinese discuss the diplomatic problems or national defence, or frontier problems, in the South-West, the French are the target of the Chinese attack.

4—Sino-British Boundary Dispute Over Pi Ma and Kiang Sing Pu in Yunnan:

To be brief, Pi Ma and Kiang Sing Pu lie in the extreme north-west of Yunnan. They are really the gateway to Yunnan and Tibet, and the center of Yunnan, Burma, Tibet and India. In view of the fact that Burma has already fallen into the hands of the British and India is a dependency of the British, Pu Ma and Kiang Sing Pu are of greater strategical importance to Yunnan. Apparently the Sino-British Treaty of 1886, as well the subsequent revisions, did not settle the boundary problem between Yunnan and Burma. Article 4 of the Treaty of 1886 which provides that "it is agreed that the settlement and delimitation of that portion of the frontier which lies to the north of latitude 25° 35' north shall be reserved for a future understanding between the Hight Contracting Parties, when the features and conditions of the country are more accurately known" leaves the problem pending, and gives the British a chance to claim ownership over the disputed territories. As a matter of fact, though the boundary question is not definitely settled, it does not mean that the territories are British and that the British could occupy them.

In 1910, 2000 British troops actually occupied Pi Ma, claiming that the territory west of Kai Lan Kung Sen (a montain) belongs to the British. In 1921, the British actually established administrative offices in Pi Ma and began to levy taxes, etc.

In 1926, the British despatched 3000 troops to occupy Kiang Sing Pu by three routes. Two years later, two representatives from Kiang Sing Pu petitioned the National Government to take back Kiang Sing Pu from the British, and at once the matter aroused a great indignation among the Chinese.

5—British-Tibetan War Against Sikong Troops: For years, the warfare has been going on between the Dalai Lama and the Sikong troops. According to the Chinese reports, the British are really behind the whole trouble pointing out that certain British military officials were seen fighting on the side of the Tibetans against the Sikong troops, and that the rifles captured from the Tibetans all bear the mark "Made In England," thus giving rise to the presumption that the British must have supported the Tibetans with ammunition.

Whether the British and French aggression in Yunnan are only matters of the past; or whether they are still pursuing the old imperialistic policy and have further taken more vigorous actions in view of the Japanese invasion and occupation of Manchuria, or whether London and Paris are quite friendly to China, but the local "governors" of the dependencies are still pursuing the imperialistic policies, is a question which we will to discuss later. But much can be said that these "Yunnan problems," though they may not be as complicated as the so-called Manchurian problems, are pressing problems to the Chinese, and the Chinese have now realized the situation. It is advisable to solve them satisfactorily before they become a menace to Sino-British or Sino-French friendship.

Solutions Suggested

We believe, the Chinese writers are right to bring up and to discuss the south-west frontier problems at this time and to urge the authorities to take appropriate actions to solve the pending problems with Great Britain and France. Their efforts should not be interpreted as aimed at the instigation of Chinese anti-British or anti-French feeling, but we should endorse their actions in first reminding the Chinese to pay full attention to the South-West frontier problem, taking the loss of Manchuria as our mirror; and secondly in reminding the British and French that they should discard entirely their former imperialistic policies and yield to the Chinese legitimate aspirations. We venture ourselves to present the following suggestions as a solution to the pressing problems:

(1) The French Government should quickly ratify the new Sino-French Commercial Treaty of 1930, and to effect an exchange of the ratifications with the Chinese Government.

(2) A revision of Tonkin-Yunnan Railway Agreement should quickly take place to make the Railway of more mutual benefit and make it a purely economic enterprise.

(3) The Ching-Yu Contract should be abrogated entirely and the Chinese should start the 5-Province Railway System in Five Years, with or without the assistance of the French at the option of the Chinese.

(4) Pi Ma and Kiang Sing Pu should be quickly returned to China, by the British and the boundary dispute should be quickly settled with genuine sincerity on both sides to settle the long-pending problems once for all in accordance with the established principles in international law.

(5) The British Government should forbid their citizens from taking part in Tibet-Sikong war.

When all these suggestions are being put into effect, the Chinese "suspicion, apprehension, etc." of the British or French imperialistic policy in the South West, will automatically be removed, and the diplomatic phase of the Chinese frontier problems in the South-West will also be solved.

Nanking, June 30, 1933.

The Need for the Rule of Law

The *Ta Kung Pao*, Tientsin, June 26, commented:—"In one sense Shanghai has fallen under a reign of terror during the last few days as a result of the recurrence of political assassinations. The disappearance of Miss Ting Ling has been accompanied by the assassination of Yang Hsin-fo. Since the national crisis of September 18, 1931, the weak points of China have been completely exposed to the world. While it is true that the fundamental question is one of national weaknesss, our rulers cannot escape responsibility for the present plight of the country. The reason why the great majority of the Chinese people support the Government is not because of any particular love for that Government but because they realize that the country cannot tolerate political disturbances during the national crisis. The only way out for China to-day is for the ruling authorities to conduct diplomatic affairs in an open manner, to enforce the law irrespective of persons and to win over political opponents by moral suasion."

Britain Authorizes India to Negotiate With Japan Direct

A recent London telegram stated that the difficulties in the way of direct trade negotiations between India and Japan have now been surmounted. Negotiations are expected to begin in India towards the end of August. The British Government has authorised the Indian Government to carry on the negotiations directly.

An emergency meeting of leading officials was called by the Ministry of Commerce and Industry at Tokyo July 6 to decide on the fundamental policy of Japan with regard to the forthcoming trade parleys between Japan and India at Simla. The following principles were adopted:—In order to encourage smooth trade relations between the two countries and to effect a fundamental adjustment of existing trade relations, co-operation and mutual concessions between industrialists and official circles of both countries are absolutely essential; Japan will control her exports to India; and Japan will request India to cease her anti-Japanese trade activities.

The Cotton Piece Goods Exporters' Association and the Cotton Spinners' Association at Osaka will appoint delegates to proceed to Simla in the near future to take part in the Indo-Japanese negotiations for the solution of various pending trade problems.

The Australian Government July 8 decided to open discussions immediately with the British Government with a view to finding ways and means of combatting Japanese trade competition. Australia's decision to put a stop to the heavy inroads of Japanese manufacturers upon the native market follows similar action by India and a number of the British Dominions, which have levied dumping tariffs against Japanese products, especially textiles.

Japan Puts Many Questions to Sir John Simon

An official report received by the Japanese Foreign Office from Ambassador Matsudaira at London July 10 stated that the interview which he had with Sir John Simon, the British Foreign Secretary, on July 6 regarding the Japan-India trade parley, failed to clarify the situation any better than on the previous conversations. Japan has raised questions on tariff increases against British goods in the Malay Federated States and in East Africa; the question of withdrawal of West Africa from the Anglo-Japanese trade agreement, and the status of Indian delegates to the coming Japan-India trade negotiation.

It was announced in London July 10 that British Foreign Secretary, Sir John Simon, will leave shortly on a long sea voyage for the benefit of his health, which has been indifferent during the last two months.

Soviets See Britain and Japan Working Together

In an editorial on Anglo-Japanese relations July 13 Moscow *Pravda* declared that the Washington Treaty of 1922 only formally abrogated the alliance entered into by Great Britain and Japan, that ever since 1922, especially in recent years, British imperialism has been assiduously supporting its eastern ally, and that the Anglo-Japanese alliance, hazy in form but potent in its effects, plays a most important role in the development of events in the Far East.

George Lansbury, leader of the Opposition, severely criticized Japanese policy in the Far East during a debate on the Foreign Affairs estimates in the House of Commons July 5. Japan, he declared, had torn up treaties and had blasted her way through Manchuria. He asked who was protecting British interests in Manchukuo and what, if anything, was being done in regard to the Japanese occupation of Chinese territory. He also criticised the League's inaction.

China Merchants S. N. Co. Orders British Ships

The Ministry of Communications has placed an order with a British ship-building concern for the construction of six steamers for the China Merchants Steam Navigation Company. When these six new vessels arrive in China, two will be placed on the Shanghai-South China service and the other four will be added to the Yangtsze service.

Canton-Swatow Railway to Be Completed Within Five Years

The planning committee of the Canton-Swatow railway proposes to complete the railway within five years. The cost is estimated at $40,000,000.

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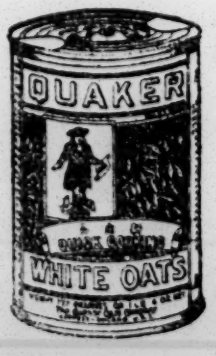

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Should We Blame Marshal Chang Hsueh-liang?

BY ALFRED Y. L. KENG (江有民)

THE cyclone of the Japanese after sweeping and devastating Manchuria and Jehol, came almost as far as Tientsin and Peiping. What a marvellous advance! Indeed, Japan has broken a record in military history! She is well equipped, all prepared, and properly trained. Her labor is not wasted or futile, judging from the fact that she now holds Manchuria, Inner Mongolia and Jehol under the mask of the so-called Manchukuo, the infamous Puppet State; she has achieved her aims. The world can do nothing more to check her than to stave and gape, looking at her with feigning sleepy-eyes. Why? Because Japan is strong, powerful and, last of all, very, very daring. This, in my opinion, is the reason why the world has been silent ever since the Manchukuo adventure.

Perhaps we have quite forgotten Marshal Chang Hsueh-liang, one of the chief factors in the Manchurian problem. He is now travlling in Europe mainly to escape the bombardments fired at him from his own countrymen. Surely he is now in the "Safety Zone."

Let us return to the question: "Should we blame Marshal Chang Hsueh-liang for losing Manchuria, Inner Mongolia and Jehol?" I presume, as an impartial person, to answer this question.

1.—The memory of General Chang Tso-lin, the warlord of Manchuria, I can be sure, is still fresh in our minds. It is needless to say what sort of character he had lived and what kind of a life he led. What we really need to bear in mind is that Japan used him to be her instrument to invade China. But he failed and died a most "horrible and mysterious" death.

It must be understood that the Marshal always repudiated the deeds of his father, with the result that as soon as the Central Government was established, he and the whole of Manchuria once more adhered to China—their rightful family. On the contrary, if he were a traitor who wanted fame and power, there is the possibility that he could have created a "Doll State" with the aid of Japan, with himself as the emperor or the Chief Executive. If he did that, could the Central Government, at that time when she was just in her infancy state, do anything to stop him? I doubt. From this, therefore, we can assume that the Marshal has always been loyal and true to his Motherland.

The Regime of the Elder Chang

2.—The situation in Manchuria was very critical during General Chang Tso-lin's time, especially after his fall. The many secret treaties made by General Chang Tso-lin have given Japan every privilege in Manchuria. It therefore cannot be gainsaid that Japan has had a "free hand" in Manchuria. In fact, the attack of the Japanese on September 18, 1931 could not have been foreseen or prevented. It was like sleeping by the side of a half-tamed poisonous viper,—one could not tell when it would bite.

3.—The attack having begun, the Marshal was at a loss—to resist or to retreat, since resistance would give the aggressor ground to appeal to the League of Nations. She would have said that she was dealing with some bandits, and unknowingly met an ambuscade from the Chinese. We see, even after that notable event, Japan has produced all sorts of false evidences and charges against China at the League Assembly. It must he noted also that Might is Right. That is the obstacle which prevents the League of Nations from proceeding. If Marshal Chang did give immediate resistance, the League might have taken steps against China if it knew how to have peace, since to sentence China, a weak nation, could be more easily executed than to provoke Japan, a strong nation who dares to defy the world.

Despite the fact that his arms and ammunition, the fruits of years of labor, were stolen the Marshal put up a severe resistance. It was like an egg going against a stone, and consequently, the Marshal failed after a noble struggle. But his spirit did not end here. He supported the volunteers with his own property. He obeyed the orders and instructions of the Central Government. Seeing there are so many generals who often deliberately go against the government and trample its orders under their feet, I make bold to say that the Marshal is an excellent example of obedience.

Many people have jeered and said that the young Marshal is a coward and a Pacifist. If he were like his father who feared to lose his land and position, then surely he would have fought a "life or death" struggle with the Japanese. But he did not. This was how China could conquer Japan diplomatically or vis-a-vis this fact, she might have now been torn to pieces by the paws of the powers, alleging that she had broken the solemn covenant of the League of Nations by taking the initiative step in fighting Japan. Being a member of the League of Nations, China could have that "privilege" I venture to state.

Therefore, we cannot put the blame wholly on the Marshal though in some ways he might have proved himself incapable to hande the affair. What we must really condemn are those generals who go their own ways and here and there eating and sucking the fat of the people. We have to blame ourselves, everyone of us, and ask, "Am I doing and acting rightly towards my country and my people?" This is a very serious question. The ship of state is almost sinking; its doom is close at hand. Let us have no more blamings of one another. We should have the Marshal back, and once more let him help in piloting; and we, from henceforth, with an unanimous zeal, should repair the sinking vessel of state so that she may be saved from these turbulent waters and once again find its right course heading onward to a glorious destination.

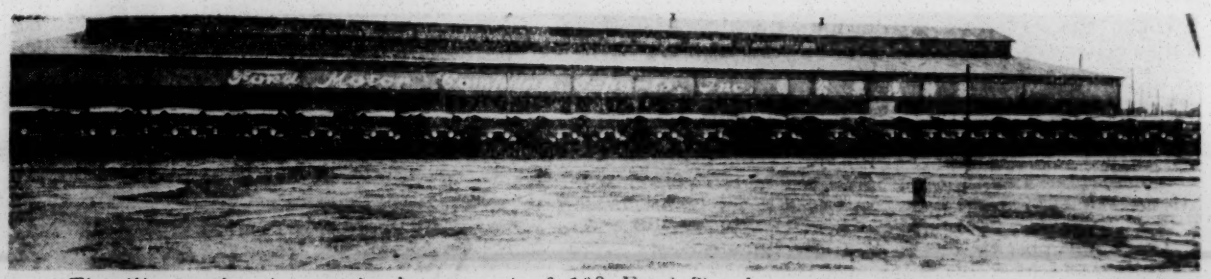
June 15, 1933.

Former Lytton Commission Expert Awarded Ph.D. Degree

Prof. Ben Dorfman of the University of California, who served as a technical expert on the staff of the Lytton Commision which investigated the Manchurian question, was granted the degree of Doctor of Philosophy at the annual commencement exercises held at the University of California in June. Prof. Dorfman was engaged upon a special study of economic and financial matters in Manchuria on behalf of the Mills Fellowship of the Economics Department of the University when the Lytton Commission was appointed by the League. In view of his knowledge of the situation, he was requested to join the Commission and assisted in the compilation of the final report. Prof. Dorfman has returned to his duties at the University.

Hundreds of Ford Trucks Furnish Good Service in China National Army

The new 1933 Model 40 V-8 Ford is highly praised by Herbert D. Wikon, motor car editor of a Chicago paper. He says: "The new modern lines, roomy body, 112-inch wheel base and powerful engine distinguish the car as the finest of a long family to bear the name Ford. In performance the car surpasses all previous models in getaway, top speed and engine smoothness. Although the particular car Mr. Wilson drove had comparatively few miles on it, he was able to get sixty-one miles an hour in second, and eighty miles an hour in high without difficulty.



The illustration herewith shows part of 100 Ford Trucks set up at Shanghai for the Chinese National Army. This is the second lot of 100 Ford Trucks sold this year by the American-Chinese Company, Ford dealers at Tientsin.

Canton Trial Plane Arrives Back in Shanghai

The survey plane of the Shanghai-Canton Air service reached Shanghai at 4.55 p.m. July 8 after having taken off from Canton at 5.15 a.m. the same day. The plane made stops at Swatow, Amoy, Foochow and Wenchow enroute. The party on the plane consisted of the following: H. M. Pixby, director of China National Aviation Company; W. L. Bond, director and operations manager of China National Aviation Corp.; P. Y. Wong, business manager of China National Av. Company; Mr. Grooch, operations manager of Shanghai-Canton Line; and Messrs Gast and Ehmer respectively pilot and assistant pilot. Owing to a last minute hitch, the plane carried only two bag of mails on this trip, in spite of the fact that thousands of air mail letters had been accepted by the Post Office.

A Chinese-made airplane completed a trial flight July 5 in Canton. The test flight was witnessed by General Pai Chung-hsi Vice-Commander of the Kwangsi Provincial Force, and General Huang Hsu-chu, Chairman of the Kwangsi Provincial Government. As an encouragement, the Provincial Government awarded $2,000 to Chu Hua-chang, the engineer who built the plane.

Two new monoplanes, from Italy, the gift of General Chang Hsueh-liang to the Hangchow Flying School, arrived in Hangchow, July 6. Trial flights on one of them proved very successful. The other is at present being assembled.

The second batch of five military pursuit-planes purchased by the Shanghai Aviation League with funds raised in Shanghai by public subscription is expected to arrive before the end of this month.

Seventeen of the 39 cadets of the North-eastern Flying School (formerly at Shenyang, Mukden) have been admitted to the Hangchow Flying School, following tests conducted in that city recently. The other 22 cadets will be sent to the Central Military Academy for military training.

Missing American Flier Found in North-eastern Siberia

James A. Mattern, the young American airman who disappeared on June 12 while flying from Habarovsk to Alaska, was discovered last week at Anadir, Chukotka, in the north-eastern extremity of Siberia.

Mattern will resume his round-the-world flight in a Soviet plane, one of two sent to Anadir to rescue him.

Italian Air Armada Experiences Difficulties

An Italian air armada which departed from Rome last week in command of General Balbo, with the avowed object of flying to Chicago to visit the Century of Progress Fair has experienced bad weather ever since it started. On July 10 it was in Iceland, held up by fog and gales, thus delaying a proposed flight to Labrador.

British Air Official to Be Sent to Peiping

Steps are being taken in London to appoint an Air Attache to the British Legation in Peiping.

Business in United States Is Improving

Business gains through the United States during the last two months have been of a very definite nature, according to a statement issued July 5 by the New York Board of Trade. The survey showed an improvement in the number employed, in wages and in the volume of sales. Steel production averaged 53% capacity, reflecting the sharpest recovery in the history of the industry. Some months ago the steel mills were operating at 14% capacity.

U. S. government estimates on cotton acreage show 40,796,000—which is 11.6 per cent more than on July 1 last year.

Will Chinese Pay "Gold" On 1925 Loan?

In view of the action of the United States in going off the gold standard, British bond holders, according to the *London Times*, are most interested in awaiting the method of payment to be adopted for the half-yearly coupon which is due on July 15 upon the Chinese five per cent loan of 1925. The loan is clearly a gold dollar loan and the holders are entitled to the equivalent in gold dollars, and should not be obliged to accept payment in depreciated dollars, the *Times* said.

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Save China from Another Flood

BY PAUL K. WHANG (汪 仲 芳)

CHINA has been once again threatened by flood, and reports have it that many districts bordering on the Yangtse and other rivers have been either inundated or on the point of being flooded. Since the disastrous flood of 1931 which affected parts of the sixteen provinces and transformed the Wu-han cities into a great lake, the Yangtse River has emulated the Yellow River in playing havoc upon China and her people, and has become China's second "Sorrow." It is really incomprehensible that a river which up to 1931 had been so tame that its overflowing had been a rare occurrence should become so uncontrollable in recent years. The flood of 1931, according to old-time residents had no parallel in the past sixty years. But this rare occurrence has now become an annual affair. Last year, the Yangtse was also swollen to such a height that many districts along the River would have been inundated, had they not been protected by the newly built dykes. This year even the newly built dykes have been feared to be not high and strong enough to hold back the rapidly increasing waters.

At the time of writing this article, it is still premature to say that the critical stage has already passed, although the month of July is considered as much drier than the previous month. Even if the water will gradually recede to its former level, much havoc has already been wrought. Many districts along the River have already been inundated; the Yangtse trade and commerce have been brought to a standstill; and the price of rice in the Wu-han cities has been rapidly rising. Inasmuch as Hunan and Hupeh provinces are the rice-producing centers of China, that the present flood will affect greatly the rice harvest of this year goes without saying. In passing, it may be mentioned that because of the unusual good harvest last year, the price of rice has gone down below $10.00 per picul. This low price of rice has been a great relief to wage-earners who have been deprived of employmnt or whose wages have been very much reduced as a result of general business depression.

Endless Suffering Endured by Chinese

Woe to the Chinese people—whose sufferings seem to be endless. Famine, war and plague have jointly stalked across the Flowery Republic, and sapped the vitality of the nation. The wound caused by the flood of 1931 was too deep to be healed within a short span of three years, and its victims are still living on charity. The drought in Shensi and Kansu has rendered cultivated lands there unproductive and reduced millions of people below the starvation line. The Red-banditry has devastated the productive regions in Kiangsi and Hunan, and driven hordes of peasants into living a bandit life. To cap all these natural and man-made calamities, the Japanese militarists, in pursuing their wide dream of conquering the world, have not only forcibly occupied Manchuria and Jehol, but invaded Shanghai and North China with the accompaniment of a great loss of Chinese lives and properties. The foundation of the country has been shaken, and its fate hangs in the balance. The rural economy is in a bankrupted state, and the number of unemployed in the cities has been rapidly increasing as a result of the wholesale suspension of industrial and commercial establishments. Under such deplorable conditions, how can the country bear the ill effects of another disastrous flood?

In face of the present crisis, the central and provincial authorities have done nothing beyond holding several emergency conferences to devise measures of flood prevention. The Central Political Council on June 28 appropriated a sum of $600,000 for emergency measures to combat the flood menace along the Yangtse. But the Yangtse is not the only menace we have to combat, for many other districts of the country are reported to be in danger of being flooded. The Yellow River has risen to a dangerous height; dykes built along the upper stream of the Grand Canal have collapsed near Yangchow in Kiangsu; the rise in the Yungting River in Hopei has been continuous; and news from Sian, Shensi, has it that as a result of copious rainfall, the Wei River in southern Shensi has overflowed its banks and that a large quantity of grain stored in the granaries in Chaotsun, constituting the entire harvest for the summer, was destroyed. Therefore the flood problem is not limited to the five Yangtse provinces only, and has become national in scope.

Moreover, it is ridiculous that when several districts have already been flooded the government has only begun to discuss prevention methods. Flood, although it is considered as a natural calamity, can be prevented beforehand. The prevention methods must be devised before and not after the flood has already occurred. With the disastrous consequence of the 1931 Flood vividly in our memory, the responsible authorities can hardly absolve themselves from the blame by the excuse that they have been caught unprepared. National conferences should have been held a long time ago to devise effective measures to prevent the recurrence of flood disaster.

It has long been predicted by those who participated in the inspection tour along the Yangtse under the auspices of the National Flood Relief Commission last year that in many places the dykes are very defective and can not be expected to stand against great wave-wash and erosion. This prediction has now regretably borne truth, as the dykes in many places have given way in the present flood. Although the collapsed dykes are said to be those constructed by farmers and not the ones newly built by the Flood Commisssion, we wonder why these farmers dykes are permitted to be in such defective condition without being sufficiently strengthened.

Supernumerary Flood Prevention Officials'

We have many official organs which have been established for a very worthy purpose, but whose members usually do nothing but to draw salaries. Hupeh, according to the *China Times*, a local Chinese daily, has a flood prevention commission whose duty is to make frequent close studies into the condition of the dykes along the River, "but this commission did nothing of the sort, although its members drew more than $1,000 each monthly from the flood prevention fund." We have another example in the Yangtse Conservancy Commission. Besides issuing a monthly publication, it has so far contributed nothing to the conservancy works of the Yangtse River, although its members have been highly paid by the government. Thus we have wasted our money to support such useless and superfluous institutions, so that when the situation really demands attention, no funds are available.

Flood or drought, in accordance with the old Chinese saying, is an expression of the God's dissatisfaction with the mal-administration of the head of the government, and is said to be the harbinger of major political upheavals. Whenever the country was threatened by flood or drought, the king, in ancient times, would instantly repair to the Heavenly Temple to pray that he would redeem himself in future with good deeds, and to invoke divine help to save his throne.

Naturally it follows that the present recurrence of flood and drought is nothing but the punishment inflicted by the God because of His dissatisfaction with the corrupted practices and evil-doings of the present government officials. If this is true, we have really no way to relieve our present plight unless we can establish at an early date a clean and honest government. That the mal-administration of the present government should incur the displeasure of the God can be easily understood. While I have no mind to cast a slur upon the officialdom as a whole, I dare say that many officials, instead of being penitent for their misdeeds, have enriched themselves by taking advantage of the flood and drought situation. The Government, in the name of flood or drought, has raised funds which have been ultimately diverted to some unworthy purposes. The officials who have been entrusted with the task of famine relief, have often practised evils and corruption in appropriating the funds. Therefore it is an open secret whether all the money raised ostensibly for relief and prevention purposes is really thus spent.

Although Hankow is now reported as safe from another flood, it should be no cause for relaxation of our efforts in devising permanent prevention measures to avert the repetition of another disaster. Moreover, the Yangtse is not the only problem we have to solve, and we must turn our attention equally to other rivers which have likewise been the sources of our worries in recent years. We must by all means formulate a definite and thorough program to uproot this flood menace from China once forever.

Shanghai, July 10, 1933.

London Economic Conference Drags On

It was reported in London July 7 that Ramsay MacDonald, British Premier, now thinks it unlikely that it will be possible to finish the work of the World Economic Conference by the end of July as had been planned. He believes the Conference may go on until the beginning of August and then adjourn until October, leaving only a few important technical committees at work.

President Roosevelt is stated to be greatly cheered by the new alignment in London. President Roosevelt in a recent statement declared that he does not see how "a minor issue such as temporary stabilization" can in any way diminish the advisability of such discussions. The value of the dollar in terms of foreign currencies, the President's statement said, cannot be the immediate concern of the United States. He urged that apart from stabilzation other great problems are deserving of exploration and the first task is to restore prices to the level at which industry and agriculture can function profitably and efficiently.

European "Gold Bloc" Acts as a Unit Against U.S.A.

A plan for the defence of the gold standard was agreed upon at a conference in Paris, July 8, of the gold countries' bankers. M. Moret, governor of the Bank of France, presided at the gathering which included representatives from Holland, Italy, Switzerland, Belgium, Poland, Czechoslovakia, Jugoslavia, and Leon Fraser, the head of the Bank for International Settlements. The banks represented at the meeting hold between them over 40 per cent of the world's gold reserves. A common fund was created which will be flung on the market wherever speculation threatens to attack gold currencies. The gold bloc countries are maneuvering to gain the support of Soviet Russia, Mexico and Hungary for their policy. The bankers also agreed that no one Central bank will take any action affecting the respective currencies of the six nations without consulting with the others. This action is a challenge to the position of America which holds the largest gold stock in the world, and is hoped to have the eventual result of forcing America to disgorge some of the gold which it possesses.

United States Abandons Free Trade

Following the example of Great Britain, the United States notified the League of Nations on July 5 of her withdrawal from the 1927 agreement for the abolition of embargo and restriction on imports and exports, which had originally been made for the purpose of establishing a principle of freedom of international trade. By the resignation of Great Britain and America, Japan, Netherlands, Finland and Sweden remain as the only signatories. Recent telegrams from Japan indicate that Japan will take similar action to that of the U.S.A. in the near future.

1934 Budget Situation Gloomy in France

The outlook for 1934 is gloomy, declared M. Lamoureux, the French Minister of the Budget, in the course of a speech in St. Ponricam, France, July 9.

Certain receipts in 1933 would not recur, he pointed out, while expenditure would increase. Stout efforts were necessary to maintain the stability of France, he concluded.

Foreign Chambers Protest Against Bonding Procedure

The American Chamber is joining the Shanghai General Chamber of Commerce in a joint protest against the recent action of the Chinese Maritime Customs in enforcing the immediate application of the new tariff rates to goods withdrawn from bond. Notice of such ruling was posted in the Custom House on June 20, no prior notice having been given. The protest is being sent through the Consular Body with a view to the reinstatement of the previous ruling, viz: the old rates of duties to be charged on all cargo in bond on June 20 until a period of three months has elapsed when the new duties will become applicable.

Alleged Netherlands Embezzler Arrested in Shanghai

Peter Bloom, Netherlands bank official, was taken into custody in Shanghai July 8 by local Netherlands consular officials. Bloom, who was employed in one of the leading Dutch banks in Sumatra, suddenly disappeared a short while ago. A checkup by the bank officials revealed a shortage of 14,000 guilders. Bloom is being held in prison here pending his being sent back to Sumatra to answer charges of embezzlement.

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IMPORTANT NOTICE

Owing to the Japanese occupation of Manchuria, tickets are only sold to Shanhaikwan where the Peping-Liaoning Railway crosses the Great Wall. The Chinese Government Railways assume no responsibility for transportation or safety of passengers beyond Shanhaikwan.

Peping-Liaoning Railway

Head Office

TIENTSIN

An Advertisement of the Chinese Government Railways

No. 2

Reflections on Chinese Navy as Prompted by the Tsingtao Naval Mutiny

BY HOH CHIH-HSIANG

THE recent naval mutiny at Tsingtao once more brings the question of Chinese Navy to the fore. The Affair in itself is rather insignificant, but it serves to illustrate most glaringly the intolerable situation that exists in the Navy,—lack of discipline, disorganisation, and want of unity of command. Without the least prejudice against the present Naval Administration, it may be appropriately said that the Chinese Navy, if one deserving of such a name ever existed, has never been a blessing to China, but on the contrary, a nuisance and source of trouble. It has been ironically remarked by some severe critics that China would have been better off, had she had no Navy at all and the vast sums of money spent for its maintenance been used for some constructive purpose. This opinion seems to be shared by many who are acquainted with its record.

China's attempt to build a Navy for national defence dated about fifty years ago after the Second Anglo-Chinese War in 1859-1860. The demolition of Taku Forts and fall of Peking to the Allied Force of England and France resulting in the flight of the reactionary Empress Dowager Tzu Hsi had sufficiently impressed the Manchu Court and some far-sighted Chinese statesmen of that period the need and importance of a strong navy for coastal defence. As a result of this realization, Li Hung-chang made his first real attempt to build a modern Navy on the 16th Year of Tung Chi, but his efforts suffered a serious setback at the very beginning. A large fund had been appropriated for the expenses of execution of the naval program, but the vain-glorious Tzu Hsi, over concerned with her personal comfort and pleasure, diverted the fund to the rebuilding and furnishing of her Summer Palace and the result of the attempt was that a Chinese Navy which would have been built with the fund provided was symbolized by the Marble Boat in the Palace. The tragedy of this criminal diversion was fully revealed in 1894, when China's poor fleet built by Li Hung-chang, manned by a handful of inexperienced and practically untrained officers and assisted by a few European adventurers, was called upon to defend China against the modernized naval armament of Japan in the Sino-Japanese War. Admiral Ting Shu-chang, Commander of the Peiyang Fleet, fought a forlorn battle and committed suicide with the surrender of the Forts of Liukung Islands. For this national disaster, Tzu Hsi must be held chiefly responsible, while the inaction of the Nanyang Fleet and the peculation of Chang Pei-lien, son-in-law of Li Hung-chang, who misappropriated the funds for the purchase of naval supplies, were also important causes.

During the thirty years since the disastrous naval defeat in 1895, the Navy has made little or no progress. Beyond the purchase of few obsolete ships from Japan, there has not been the slightest improvement in organization, in training of personnel, in modernization of equipment, in tactics, in efficiency or in any other phase. The history of the past thirty years of Chinese Navy may be summed up in the words of indolence, opportunism, and corruption. When the country was comparatively at peace, the Navy remained indolent and befriended the contrabands-smugglers. But whenever there was an internal uprising, it played politics and offered to sell its support to the highest bidder. Not to say the national defense which is evidently beyond its ability to undertake, the Chinese Navy has failed even to perform its elementary duty of affording protection to passenger and freight traffic against piracy.

The Navy has since its beginning been dominated by three factions—the Fukien, Kwangtung and Shantung factions—, but the influence of Fukien Faction has always dominated both in control and in personnel. Most of China's better known naval officers are from Fukien and even now, the control of naval affairs is mainly in the hands of the Fukien officers. For this reason, the Ministry of Navy was once nick-named a Fukien Provincial Guild. This remark may be a -little bit exaggerated, but it holds true to a large extent. In view of the domination of the Fukien Faction, if any progress made by the Chinese Navy during the past thirty years can be credited to it, it must also assume a larger proportion of responsibility for the present intolerable state of affairs now obtaining in the Navy. The rivalries of three Factions for power and money have caused the present lack of unity of control and disorganization. The Navy, like the Army, has never been national, but regional, being regarded as an accessory to some regional dominating militarists for the purpose of internal disturbance, rather for national defense. This situation has given rise to such names as the Central Government Fleet of Nanking, the Northeastern Squadron of the late Marshal Chang Hsueh-liang under command of Admiral Sheng Hung-lieh and the Southwest Fleet of Gen. Chen Chi-tang. The Three Fleets have been independent of one another in both control and support and rivaling for domination. Despite these high-sounding names, their combined strength is very negligible. Given ample allowances for the increase of tonnages in recent years, the total number of vessels in the Chinese Navy as a whole was less than sixty and the total tonnage less than 40,292 according to the table of China's Naval Strength compiled by the League of Nations in 1930. The number of units and tonnage of the Chinese Navy in that year were as follows:

6	light cruisers	18,070 tons
12	destroyers and torpedo-boats	2,708 „
40	miscellaneous craft (sloops, gunboats and despatch vessels)	19,514 „
	Total	40,292 tons

As late as 1930, there was not (and there is none now) a single submarine, battleship or aircraft-carrier. What can these 58 ships do for the defence of a country like China, one-third of whose provinces is on the coast. It is a sheer mockery to pit this handful of vessels, old, obsolete, poorly equipped and staffed, inefficient, disorganized, against the vast, modernized, well organised, expertly officered, and superiorly equipped naval armament of Japan. The disparity of the naval strength between China and Japan can be seen, when one merely considers the number of vessels for the same year of 1930. In 1930, Japan possessed 251 vessels with a total tonnage of 850,328, including 80 submarines and 4 aircraft carriers. This number must have considerably increased during the past three years and a still bigger navy is in sight, as the Japanese Naval Authorities are agitating for more appropriations to increase the naval strength. Judging from this comparison, the Chinese Navy is utterly inadequate and useless for purpose of national defense. The present disorganization and lack of unity of command make the situation still worse. This state of affairs has been responsible for the policy of indifference and inaction on the part of the Navy in connection with the Japanese aggressions on China during the past two years. Except for a brilliant factional naval-air battle between Gen. Chen Chi-tang and Admiral Chen Chak in Canton, the Chinese navy has remained completely inactive, while the Japanese warships were shelling Chinese fortications and civilian villages in Manchuria, Shanghai and Shanhaikuan. All of the three naval units simply looked on fold-handed and did not give the slightest assistance to the army defence on the land.

During the Shanghai War, it was alleged by four members of the Control Yuan that the Ministry of Navy refused to give assistance to the 19th Route Army in lending it iron plates for use as covers against the Japanese artillery shelling and that the Vice-Minister of Navy accompanied the Japanese Naval Commander to inspect the front line as a gesture of friendliness and courtesy. Upon the outbreak of the War, the Ministry of Navy was alleged to have issued an order to the Government Fleet both in Nanking and Shanghai, quoting the warning given by the Japanese Naval Commander to the effect that since China and Japan were merely involved in an armed conflict and not at war, the Chinese warships should take no hostitle action against the Japanese, in return for which the Japanese Navy would refrain from attacking the Chinese Squadron. While the truth of the allegation has not been proved, it has nevertheless formed a subject of impeachment by the Control Yuan against the Ministers of the Navy. But regardless whether the allegation was true or not, the fact remains that the Chinese Navy, whether affiliated with Nanking, Northeast or Southwest, did absolutely nothing for the defence of China during the Japanese Invasion. The Northeastern Squadron deserves even more condemnation than the other two fleets. During the Japanese naval bombardment of Shanhaikwan early this year, the Squadron under command of Admiral Sheng Hung-lieh did not fire a single shot at the bombarding ships,

while it lied so near to the scene of Japanese naval operations. If a Squadron remained idle and looked on, while the country was being ravaged by ruthless bombardment, what can ever justify its existence and maintenance. A Navy like the present had better never existed, than exists to the suffering and humiliation of the people.

The Tsingtao naval mutiny occured on June 24 following an unsuccessful attempt on the life of Admiral Sheng Hung-lieh—Commander of the Northeastern or Poihai Squadron based in Tsingtao. Before discussing the causes and consequences of the affair, a brief account of the history of the Squadron may serve to better understand the Affair. The Poihai Squadron has had quite an eventful career and consisted of eight vessels, the Haichi, Haishen, (cruisers), Tsaoho (training ship), Chenghai, Tinghai (Transports), Chuyu, Yunghsiang, Haiou and two small vessels—Tungan and Kiangli. The Squadron has formed a unit by itself under the supreme command of Marshal Chang Hsueh-liang but the actual command is in the hands of Admiral Sheng Hung-lieh. While the immediate cause of the munity was the dissatisfaction of the rank and file with their commander, the remote cause may be attributed to the hetrogeneous nature of the constituents of the Squadron which has existed for a long time.

During the early years of the Republic, when Yuan Shih-kai was President of China, the control of naval affairs was in the hands of Admiral Chen Pi-kuang who served as Minister of Navy in his Cabinet. In 1915, when Yuan began his Monarchical Movement, Dr. Sun Yat-sen launched a Campaign against him from the South in defence of the Provisional Constitution. At the beginning of the Opposition Movement in the South, Admiral Chen Pi-kuang, disapproving of Yuan's Imperial aspirations, left Peking and joined Dr. Sun. As the Movement grew in intensity and extent, Admiral Lin Pao-shih led a fleet of six warships—including the Haichi, Haisheng and Tsaoho (the present three mutinous boats) from the Poihai to Shanghai waters and departed for the South to join in the Campaign of Constitutional Defense. Here in may be traced the beginning of the Poihai Squadron. At that time, the officers and sailors of the Squadron were mostly Fukien men and Admiral Cheng Pi-kuang himself was a native of Fukien. The next year, 1916, Gen. Chen Chiung-ming conspired with Yuan Shih-kai and revolted against Dr. Sun. The fleet of Admiral Chen did a great service to the Kuomintang leader and assisted him in the defeat of Chen Chiung-ming. Since that event, the composition of the Fleet has undergone a change, as a large number of Cantonese officers were introduced into the rank and file. Later when Admiral Chen Pi-kuang died and Admiral Lin Pao-sih resigned, the six ships were left for a time without a recognized leader and as an emergency measure, a senior officer of the Fleet, Admiral Wen Shu-teh, a native of Shantung, was proclaimed Commander, but the ships continued to be stationed in Canton.

At that time, Gen. Wu Pei-fu was climaxing his career as dominating military figure in North and Central China. By virtue of their relationship as fellow provincials of Shantung, Gen. Wu succeeded in winning over Admiral Wen and his Squadron. In a Coup, Admiral Wen evacuated the ships from the Canton waters and steamed northward to Shantung to join his ally. The Fleet was reorganized and the present name of Poihai Squadron was adopted with Admiral Wen remaining as Commander. Subsequently when General Wu Pei-fu was defeated by the Fengtien Force led by the late Marshal Chang Tso-lin, the entire fleet was taken over by the Northeastern Force and Admiral Sheng was made its Commander which he has retained up to the present time.

Before the appointment of Admiral Sheng to the command of the fleet, a number of ships attached to it was sent to Heilungkiang River and was organised as the Heilungkiang River Defence Squadron. Admiral Wang Chung-wen was Commander of the Squadron, while Admiral Sheng was then serving as a lieutenant officer under him. Shortly after, Admiral Sheng revolted against Admiral Wang and succeeded in overthrowing him. Following Wang's departure, Admiral Sheng seized the control of naval affairs in the Northeast and was made Commander of the Poihai Squadron as well as Commander of the Heilungkiang River Defence Squadron by the late Marshal Chang Tso-lin. Since then up to the present, Admiral Sheng has remained the highest naval officer in the Northeast.

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Most of the ships of the Poihai Squadron were built in the Manchu Dynasty and represent some of the largest vessels China has ever had. The Hai Chi, one of three runaway ships, launched in 1897 as one of the biggest cruisers of the Chinese Imperial Navy, is the only Chinese vessel that has visited foreign countries and encircled the globe. Bearing China's emissaries, the cruiser participated in the ceremony of coronation of the reigning King George V., of Great Britain under command of Admiral Chen Pi-Kuang. Following the curise to Great Britain, the Hai Chi crossed the Atlantic Ocean and visited the United States as a good will tour. It also proceeded to South America and visited Cuba. Tsao Ho, another one of the trio mutinous ships, is a training vessel. Launched in 1898, it was stationed in the Hwangpoo River off the Shanghai Arsenal during the Revolution in 1911. The ship figured prominently in the coup carried out by the late Gen. Chen Chi-mei and Gen. Yang Hu, present Commissioner of Peace Preservation Force in Shanghai, when it was boarded by Chinese revolutionaries. The revolutionaries attempted to capture the ship and use it to attack the Shanghai Arsenal, but they did not meet with success.

As pointed out in a previous paragraph, the cause of the mutiny of the three ships of the Poihai Squadron is two-fold: dis-satisfaction with Admiral Sheng Hung-lieh and factional rivalries among the rank and file. The composition of the personnel of the Squadron is of three or four elements, Fukien, Kwangtung, Northeastern and Hupeh, Admiral Sheng himself being a Hupeh man. Various explanations are given as to the immediate cause of the plot to assassinate the Admiral. One report cites the continued non-payment of the officers of the ships—salaries three months in arrear, others point out the motive of revenge. Still others give the reason that internal politics are involved, as a former Chief of Staff of the Squadron and a former Mayor of Tsingtao were working for the overthrow of Admiral Sheng. It is also alleged that some officers sought rich shore appointments, but they were rejected by Admiral Sheng. All these versions can be grouped under the heading of dissatisfaction with Admiral Sheng and lack of discipline.

According to Chinese press reports, the plot to assassinate Admiral Sheng was formed many months ago. But the officers were not unanimous in their decision toward this important question. Among the discontent officers, was one Capt. Feng Chi-chung, a graduate of the Hulutao Naval Academy in Manchuria. At 4 p.m. on June 24, Admiral Sheng was making one of his periodic visits to the gunboat Chenghai to address the officers. The Chenghai had been stationed in Tangku and just recently arrived at Tsingtao to be docked for repairs. Capt. Feng Chi-chung was commissioned by the Commander of Cheng Hai to proceed to Tsingtao on a launch to receive the Admiral on board. When Admiral Sheng got on the launch, accompanied by an attendant officer named Shih and after the launch steamed off the pier a short distance, Feng was observed to be excited and looked suspicious. His uneasiness was at once noticed by the attendant officer Shih and the latter closely watched his actions. All of a sudden, Feng pulled out his pistol and fired at Admiral Sheng, but missed his aim. Shih jumped over to Feng and pushed him aside with all his might. Surprised by the sudden onslaught, Feng was thrown into the water; he fired three more shots at Admiral Sheng and Shih, but all went astray. Meanwhile, Admiral Sheng had gone into cabin and unduanted, he ordered the launch to proceed to Chenghai and carried out his usual program of inspection and addressing the officers. When Feng was thrown into the water, he was shortly picked up by a service boat of the Tsingtao Municipal Police and taken ashore and placed under arrest. Upon Admiral Sheng's return to Tsingtao from Chenghai, he tried Feng in person and in the course of trial, Feng implicated many officers of the Squadron. In order to prevent the spread of the trouble and confusion among the rank and file, he decided to shot Feng and close the incident.

Previous to the occurrence of the Affair, the accomplices of Feng about ten in number, nearly all of whom are former students of the Hulutao Naval Academy, thought that the attempt on the life of Admiral Sheng would be a sure success and in anticipation of that event, had removed the three ships, the Haichi, Haishen and Tsaoho from the Harbor into the Sea preparatory to leave their base at Tsingtao. But when Feng failed to assassinate Admiral Sheng, they became extremely worried over the consequences of the unsuccessful attempt. As a protest against the summary action on the part of Admiral Sheng against Feng, the mutinous officers in the name of the entire Squadron submitted four conditions to Admiral Sheng for the settlement of the trouble: namely, 1. Admiral Sheng resign immediately, 2. Lin Hsiao, former Chief of Staff of the Squadron, be appointed Commander. 3. All suspects be released and 4. Salaries in arrears be paid in full. Admiral Sheng promised to consider all the four conditions, provided that none of the ships left Poihai region or betrayed China by joining "Manchukuo". While Admiral Sheng and some of the commanding officers of the ships in Tsingtao were discussing measures for settlement, the three ships, namely, Haichi, Haisheng and Tsaoho suddenly disappeared on the morning of June 26. They cruised off the Weihaiwei coast for a while and then sailed for an unknown destination. For some days, the whereabouts of the three missing ships was a mystery to all sides and fear was entertained that they might be induced to join "Manchukuo." But subsequently, the fear was dispelled, as they were definitely ascertained to be sailing for Canton. They were sighted off the Wenchow coast in Chekiang on July 1 and arrived at Hongkong on July 6.

Before deciding to go to the South, it was ascertained that commanders of the three mutinous vessels wired to the leaders of the Southwestern Political Council, offering to serve in the Southwest Navy. Hu Han-min and Chou Lu, leading members of the Council, welcomed their service, but Gen. Chen Chi-tang declined the offer for the reason first that the taking over of the three ships would inevitably incur further financial obligations on the part of Canton and secondly their incorporation with Canton Navy would give rise to misunderstanding by the National Government. Admiral Chang Chi-ying, Commander of the Southwestern Squadron, greatly deprecated the action of the mutinous officers and regarded it as a serious breach of naval discipline. He is quoted as having declared that it was imperative that all military and naval forces should remain loyal to their respective commands and that Canton would not encourage mutiny by taking the Tsingtao vessels into their fold. But apparently, Gen. Chen Chi-tang was not so emphatic in the rejection of their service, for according to the latest dispatch from Canton, Gen. Chen has formally consented to enlist the three vessels in the Canton Navy on the approval of General Chiang Kai-shek and the promise of support by the National Government for their maintenance. General Chen having met with the conditions of the commanders of the three vessels (that salaries in arrears be paid and no change be made in personnel), the three ships are reported to have been officially taken over by the Canton Authorities and will be reorganized as constituents of the Southwestern Squadron. This brings to a temporary close to the so-called Tsingtao Naval Mutiny as far as the three runaways ships are concerned.

Meanwhile, three other ships of the Poihai Squadron, the Yunghsiang, Chuyu and Haiyung stationed at Tangku have likewise disappeared and were reported to have gone South to join their fellow ships. But their departure in that direction, if they had intended to, was arrested, when they halted at their home base, Tsingtao. Whether out of a sincere sense of loyalty or forced by circumstances, the five remaining warships at Tsingtao including the three just arrived from Tangku have issued a statement in the name of the entire Squadron, condemning the mutiny of Haichi, Haishen and Tsaoho as a breach of naval discipline deserving of severe punishment and pledgeing support to Admiral Sheng Hung-lieh whose resignation as Commander of the Squadron has been accepted by the National Government. They declare that if Admiral Sheng should be permitted to resign, they would follow his leadership and resign en bloc. Meanwhile, attempts are being made by the National Government to dissolve the Poihai Squadron and take over the control of the five remaining ships from Admiral Sheng. They will be reorganized and placed under the direct control of the Ministry of Navy at Nanking. It is understood that Admiral Sheng has consented to hand over the Squadron to the Government and its incoporation with Government's Navy may be expected to become a reality. At present, Nanking has two Fleets, the First Fleet is commanded by Vice Admiral Chen Chi-liang and the Second Fleet by Admiral Tseng Ih-ting. With the reorganization of the Poihai Squadron, a Third Fleet will be formed and Rear-Admiral Hsieh Kan-kchih, Chief of Staff of the Squadron, is mentioned as the most probable candidate for the command of the Fleet.

Who's Who in China

Lim Giok-keng, merchant leader; native of Changchow, Fukien; born at Telok-Betong, Sumatra, 1889; owner of the Merk Kim Goan Store in Sumatra, doing import and export business and agent for Ford Cars and the Anglo-Chinese Electric Company in Canton; honorary adviser to the Overseas Affairs Commission of the National Government; advisor to the Chinese Consulate in Sumatra; Chairman of the Chinese Chamber of Commerce in Telok-Betong; President of the Sugar Merchants Association in Telok-Betong; President of the Fukien Guild in Telok-Betong; Chairman of the Overseas Chinese Famine Relief Commission in Telok-Betong; advisor to the Telok-Betong Athletic Association; legal advisor to the Chinese residents in Telok-Betong; President of the Chung-Hua Chinese School in Telok-Betong for seven years; address: Merk Kim Goan, Telok-Betong, Sumatra.

林玉經
Lim Giok-keng (Lin Yu-chin)

林玉經，現年四十四歲，商號金源號，原籍福建漳州海澄縣，僑生荷屬蘇島楠榜，經營環球雜貨，本地土產輸出，自建較米廠，福特及各名廠汽車總代理，英粵電油公司總代理，現任中央僑務委員會駐楠榜名譽顧問，中國駐巨港領事館顧問，本埠中華總商會主席，本埠糖商公會總理，本埠福建會館總理，本埠華僑賑災委員會主席，本埠華僑體育會顧問，本埠僑民當地法律顧問，歷任本埠中華學校總理七年，地址南洋荷屬蘇島楠榜的鹿勿洞電話一百〇七號

Szechuen in Throes of Red Terror

The rising tide of Communism in Szechuen and the Government's efforts to stem it are described vividly in private despatches received in Shanghai during the week. Ho Lung, the notorious Red leader who was driven out of Hupeh by Gen. Chiang Kai-shek's campaign last autumn but afterwards returned, has again been driven out of the province. He has since managed to join forces with the Reds in Szechuen under Hsu Hsiang-chen who have for some time since their defeat by the army under Gen. Tien Sung-yao, been waiting for their chance on the Shensi border. Hsu's Communists are now threatening Paoning, after establishing a reign of terror in the districts they have been able to recapture, owing to the preoccupation of the troops which should have opposed them in the civil war round Chengtu, the capital of the province.

All missionaries, many merchants, many inhabitants, and even soldiers have vacated Paoning. "It is impossible to estimate the number of people ruthlessly killed during the seven weeks of Red occupation at Pachow," a recent missionary letter stated. In a mulberry grove adjoining the Mission compound, were found 36 pits in which hundreds of dead bodies had been thrown, and other pits are still coming to light in other parts. The greatest crime seems to have been to possess grain or land over and above that which was absolutely necessary to sustain the family. Many servants and children were killed for refusing to tell where their masters and mistresses had hidden their valuables, and others were tortured until they did tell and were then killed.

Who's Who in China

(Supplement to the Standard Edition)

There will be published shortly a supplement to the standard book, "Who's Who in China," which will contain some 200 biographical sketches of Chinese men and women who have come into prominence since the Fourth Edition (1931) was issued. It also will contain revisions of some of the sketches which appeared in the Fourth Edition.

For example, the Supplement will contain the pictures and sketches of several leaders who have come into prominence as a result of the Sino-Japanese conflict, such as Generals Tsai Ting-kai, Chiang Kwang-nai and Oung Chao-wan of the 19th Route Army, Chang Chih-chung of the 5th Army; Ma Chan-shan, Su Ping-wen and Li Tu of the Manchurian campaign; Sung Chih-yuan of Chahar, Han Fu-chu of Shantung, Yu Hsueh-chung of Hopei, Chu Ching-lan of the Volunteers, etc., etc., etc.

For those who possess a copy of the last, or Fourth Edition, a copy of the Supplement, is indispensable.

READY FOR DISTRIBUTION ABOUT JULY 1.

No office, home, school or public library is complete without **Who's Who in China**, containing the pictures and biographical sketches of most of China's leaders in the fields of politics, business, education and the other professions. In addition to a record of their careers, it also contains their latest addresses, matters of vital importance to those who would keep up with events in China and the Far East.

The prices, including postage, for the Supplement as well as the standard edition are as follows:

	(In China)	(Abroad)
Supplement	$ 2.50	G.$1.00
Standard Fourth Edition (1931)	10.00	4.00
Both books	11.50	4.50

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Men and Events

The strike of the Chinese crew on Board the Butterfield & Swire Company steamers in Canton remains unsettled.

E. Kann and L. Soyka have been elected respectively chairman and vice-chairman of the Czecho-Slovak association in China.

Another batch of about a hundred Chinese deported from Mexico, arrived in Shanghai July 7 by the Dollar Liner *President Hoover*.

Dr. and Mrs. W. K. Nance were at home on Sunday, July 9 at their residence on Amherst avenue, in honor of Dr. and Mrs. Dana Wilcox Nance.

Rear-Admiral Sakano, Commander of the 11th Squadron of the Japanese Navy, arrived in Hankow from Shanghai, July 11 on board the gun-boat *Ataka*.

F. J. Raven, head of the American-Oriental Banking Corporation, Asia Realty Company and other interests, has gone to the United States on a business trip.

A recent message from Nanking stated that the Executive Yuan contemplates the formulaton of measures for revising the existing cable arrangement between China and Japan.

According to statistics published in Nanking, July 6, the Ministry of Finance during the eleven months between July, 1932 and May, 1933, paid out $106,671,975 on debt charges.

Mrs. Helen Woolley Armstrong and John Young were married by Judge Purdy in the U. S. Court for China last week. They are spending their honeymoon in Bali and Java.

An exhibition of goods manufactured in China will be held soon on the premises of the Chinese Chamber of Commerce in Singapore. The Chinese in the Netherlands Indies have promised their support.

Rumors of dissatisfaction with the Government, owing to the dictatorial actions of the Premier, have recently been causing Government circles considerable uneasiness, a recent Lisbon telegram stated.

The Fong Wan Chinese Herb establishment, 576 Tenth St. Oakland, California, observed President's Day (April 30) by inserting a whole-page advertisement of its business in the San Francisco *Call Bulletin*.

An advertiser (Tel. 51386) in the Shanghai daily newspapers asks for information concerning his wife, who is Cantonese-Chinese (British by marriage). She was seen last on Sunday, June 25.

A. P. Alexander, Paul Heise and Newsreel Wang of the Fox Movietone Company have returned to Shanghai from several weeks spent in north China, Nanking and the Upper Yangtsze.

The Ukrainian Academy of Sciences will shortly start from Kharkov for central Tien Shan, the mountain range bisecting the Soviet-Sinkiang border. A winter station will be built on the Kiokap Glacier.

Eight linotype machines have been completed by the Max Holz factory in Leningrad. They are the first to be built in Soviet Russia with the exception of several experimental machines turned out last year.

The British steamer lines Prince Line and the Silver Line, have announced that their regular service ships running between New York and Manila will not touch at Japanese ports in future.

The Rev. and Mrs. Geo. R. Snyder, who are now in the United States on home leave, are planning to return to China in August. They are connected with the mission of the Reformed Church in Shenchow, Hunan.

The Japanese Dairen liner *Choshun Maru* sunk the Chinese steamer Toonan (1,537 tons), off Shantung promontory July 10. The Japanese steamer rescued the crew and some of the passengers of the Chinese vessel. The loss of life is reported to be heavy.

Father R. E. Sheridan of the Maryknoll Mission, who has been stationed in the Philippines for the past three years, passed through Shanghai this week on his way home on leave. Fr. Sheridan's home is in Chicago. Prior to going to the Philippines, Fr. Sheridan was stationed at Kongmoon, near Canton.

Another revision of the procedure for the drafting of the permanent Constitution was tentatively adopted at a meeting of the drafting sub-committee of the Constitution-Drafting Committee of the Legislative Yuan held in Nanking, June 23 under the chairmanship of President Sun Fo. According to this revised procedure, the final draft of the Constitution is to be completed by February 15, next year.

Spinning, weaving and finishing factories with an estimated yearly output of over 30,000,000 yards of textiles will be established in Kaiseri, Asia Minor (Turkey) if the plans drawn up for them by Soviet specialists are carried out.

The marriage took place in the U. S. Consulate at Kobe June 26 of Gilmore Bradford, a University of Missouri graduate, and Frigidaire manager for the Far East with headquarters in Shanghai, and Miss Lometa Watkins.

Louis Venator, formerly Assistant U. S. Trade Commissioner in Manchuria, stationed in Mukden, has been appointed correspondent for *The New York Times* in Manchuria. Mrs. Vanator passed through Shanghai last week on her way to America on a visit.

Marshal Tuan Chi-jui, veteran Chinese statesman, at present residing in Shanghai is reported to be recovering from a recent illness, which for a time was rather severe. According to members of his household, Marshal Tuan spends most of his time studying Buddhism.

Dr. Ti-tsun Li, chief of the Intelligence and Publicity Department of the Ministry of Foreign Affairs spent three days in Shanghai this week, returning to Nanking on Friday evening.

Definite measures have been formulated by the Board of Trustees for the Administration of the British Boxer Indemnity Befund governing the proposed dispatch of 20 students to England to pursue postgraduate study on scholarships to be awarded by the Board.

John Mosher, recently resigned from the American Consular Service in Tientsin and is proceeding with his family to Philadelphia, Penna. Mr. Mosher's departure concludes about eight years in the Consular Service, two having been spent in Cuba. Through his studies at Peiping he learned to speak Chinese fluently.

The U. S. flag that was hoisted on Castle Hill, at Sitka, on Oct. 18, 1867, signalizing the transfer of Alaska from Russian to United States sovereignty, was returned last month to the land which it honored, a gift of the State Department to the people of Alaska. It has found a resting place in the territorial museum.

The readership in Chinese language and social economy, created in Manchester University, was filled June 8 by E. W. Mead, formerly in the British Consular Service in China. Mr. Mead while stationed in Shanghai was Senior British Assessor in the old International Mixed Court (now the Shanghai First Special District Court).

The use of rice straw and chaff for packing, binding or tying merchandise, personal belongings, etc., destined for Philippine Islands is strictly prohibited by existing Philippine plant quarantine laws and regulations, according to a recent announcement issued by the Dollar Steamship Lines.

While two elephants belonging to the Kinoshita Circus, were to be transported by railway to Kyoto, July 6 one of them, broke his chains and rushed out of the Imamiya station compound and entered a nearby house where he crushed one Uchida's six months' old baby under one of his feet.

Clark E. Carlson, representative of the McGraw-Hill Publishing Company, New York, leading publishers of commercial and industrial magazines, was in Shanghai this week on a general tour of the Far East. From Shanghai Mr. Carlson will return home by way of Tientsin, Manchuria and Japan.

No-Yong Pao, Chinese graduate of the University of Minnesota and Harvard, who has been lecturing on international subjects in the United States, is now visiting in Shanghai for a few weeks prior to returning to the United States. Mr. Pao is the guest of Dr. Edgar C. Tang of the Nationai Central University, Nanking.

H. G. W. Woodhead, columnist for the Shanghai *Evening Post* has received and accepted an invitation from the Council of Chatham House (Royal Institute of International Affairs) to join the British Group at the Biennial Conference of the Institute of Pacific Relations, which assembles at Banff on August 14.

A daughter, Margaret Mathilda, was born to Mr. and Mrs F. R. Diebold at the Country Hospital July 9. Mrs. Diebold is probably better known to the Shanghai public by her maiden name, Mary Opal Powell, under which she has written extensively on the subjects of diet and foodstuffs over a period of years for the *Shanghai Evening Post*. Mr. Diebold is advertising manager of the Eastman Kodak Company in Shanghai. Their home is at 731 Embankment Building.

The Isis Thatre on North Szechuen Road (located on Chinese territory,) was scheduled to show the Barrymore production "Rasputin, The Black Monk," Thursday, July 13, although it and a similar film were banned by the French and International authorities, following protests by the White Russian community.

Hu Han-min issued a formal statement in Hongkong, July 2 denying that he saw General Huang Shao-hsiung during the latter's visit to Hongkong, although he admits having met Messrs. Tuan Shih-peng and Shih Yin. Mr. Hu declared there was no necessity to explain the situation in North China to him because he "did not misunderstand it."

Colonel John Colt Beaumont arrived from America July 11 and took command of the Fourth Marines, U. S. M. C. He was met on board the Dollar liner *President Jefferson* by Lieutenant-Colonel E. P. Moses, in temporary command since the death of the late Colonel Fred D. Kilgore in May. Two rifle companies of the First Battalion serve as a guard of honor at the jetty.

Christy Mathewson, jr., who had his left leg injured in a crash January 8 when attempting to take off in a Sikorsky plane from the Whangpoo near Hungjao, had it amputated at the Country Hospital July 7. Mr. Mathewson and his mother will sail for the United States aboard the *President Hoover* on July 22. Mrs. Mathewson will take her son back to their home at Saranac Lake.

Yuen-li Liang, technical expert attached to the Chinese Delegation at the League of Nations and formerly secretary of the Chinese Legation at Washington, returned to China last Saturday, July 8, from Geneva, travelling on the Italian liner, *Conte Verde*. Mr. Liang is stopping in Shanghai as the guest of Dr. John C. H. Wu at his house on 42 Jessfield Road and will spend the Summer here in writing two books on the Manchurian Crisis.

An eclipse of the sun will take place August 21. It will be visible in all the 28 provinces of China. The new observatory on the Purple Mountain near Nanking, which is fast nearing completion, will make observations. The total cost of the new observatory is $400,000. The scientific instruments alone involved an expenditure of 120,000 gold marks or about $130,000; they were supplied and installed by the Zeiss Works of Germany.

Kent Cooper, general manager of the *Associated Press of America*, who passed through Shanghai sometime ago on his way to Manila, will not be able to return to China as he originally intended. According to word received in Shanghai this week, pressing business matters in Europe made it necessary for Mr. Cooper to proceed directly to Europe from Manila. Mr. Cooper is planning to return to the Far East in a few months.

The following Marine officers arrived in Shanghai last week to join the Fourth Regiment here: Lt. Colonel Sturdevant, First-Lieut. Monahan, First-Lieut. Holdahl, First-Lieut. Goudeau, Second-Lieutenants Rixey and Chapel, and Chief Marine Gunner Austin. Lt. Col. Sturdevant will serve as law officer for the Regiment. Lieut. Monahan has been a language student in Japan. Lieut. Rixey is a son of the commander of the Marine contingent stationed at the American Legation in Peiping.

The engagement of Dr. Cheou-kang Sie and Miss Yuan Foo-yung took place at Che Kiai Che (International Society) lawn garden at 363, Rte. Ferguson last Saturday afternoon, July 8. The ceremony was attended by a large group of friends and relatives of the two families, including a number of high Government officials, Wu Tzu-hui, Chu Ming-yi, Chang Nai-yen and others. Miss Yuan is a grand-daughter of the late Yuan Kuan-hai, former Taotai of Shanghai, while Dr. Sie is now a member of the Legislative Yuan and formerly Chinese Minister in Belgium.

Dean Van Becomes Shanghai "U" Acting President

Dean T. K. Van will be the acting president of the University of Shanghai during President H. C. E. Liu's absence from the country. Professor Van has been the dean of the University during the last five years. President Liu expects to sail with the China delegation to the Banff conference of the Institute of Pacific Relations on the S. S. *Empress of Russia* on July 28. After the Banff conference, he has accepted the invitation of the American Baptist Foreign Mission Society to join Dr. E. Stanley Jones and Dr. Sam Higginbottom in conducting a series of interdenominational conferences in the States next fall. The Minister of Education has also appointed President Liu to study vocations and civic education in America and Europe.

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CUSTOMS NOTIFICATION NO. 1308

With reference to Customs Notification No. 1299, announcing the introduction of a new Import Tariff, the public is hereby notified that, in accordance with Government instructions, goods withdrawn from bond within a period of three months from the date of enforcement of the New Tariff, i.e. 22nd May 1933, will pay duty at the rates of the Import Tariff of 1931.

The difference in duty on such cargo which has paid duty at the higher rates of the new Tariff will be refunded on application.

H. O. Tong,
Superintendent of Customs.
A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 11th July, 1933.

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104 Bubbling Well Road

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New Books of Interest in the Far East

A Useful Handbook of China

Handbook for China. By Carl Crow. Fifth Edition. Kelly & Walsh, Limited. Shanghai, 1933. Price M.$9.50.

Carl Crow's excellent little handbook for China (including Hongkong) is now in its fifth edition. This latest edition, which has just appeared, includes some new material, and shows the work of some new contributors.

The book is mainly of value to persons new to China, though it may be extremely useful to anyone traveling in unfamiliar areas of the country. The "general information" it contains, mainly for tourists and other newcomers, deals with such things as climate, clothing, customs houses, shopping, money and exchange, hunting and fishing, servants, transportation, hotels and inns, brigands, guides, food and drink, routes, telegrams, treaty ports, weights and measures, etc. Many will find the sections on the Chinese calendar, and festivals and holidays, of interest, and one type of reader will be interested in the article on stamp collecting.

This introductory part is followed by a sketch of Chinese history, an outline of the religions of China, and articles on the fauna and flora, the arts and industries, and the Government of China. After this comes the description of various areas, starting with Shanghai and the Yangtze Valley, going on to Peiping and North China, and concluding with Hongkong and South China. Many Shanghailanders will be interested to learn of the many points of interest and beauty within easy reach of our sordid city.

There are several maps, of different cities. It is unfortunate that the map of China has not been brought down to date. Railway extensions already in operation for years, for example that to Haichow in northern Kiangsu, though mentioned in the text are not shown on the map. The new provincial boundaries to the north and west, established for many years, are also not shown, the map showing the provinces as of twenty years ago, with no indication of Jehol, Chahar, Suiyuan, Ninghsia, Chinghai, or Hsikang.

In general, the book is a most useful one. It is well printed, with a soft and durable cover, and of handy pocket size. Its four hundred pages include an index.

H. H.

A Working Class Epic

Barricades in Berlin, by Klaus Neuberantz... International Publishers, New York. U. S. $1.50.

Here is a burning tale of proletarian struggle and police brutality,—fiction that is truth, and truth stranger than fiction. The author declares that neither the personages nor the deeds of this novel have been fabricated. The whole story—not a long one—is based on the actual events in a Berlin working-class alley during the May Day barricade battles of 1929.

Even the most unsympathetic should read this story of vitality and verve, for it is a penetrating study of the situation is Germany today, and shows the turning-point that occurred in the working-class struggle when State authority ordered brutal young police recruits to use batons, pistols, machine guns and armored cars on the unarmed populace whose offence was resisting the ban on May Day parades that had been their right and privilege for years.

The story lives and moves. Kurt and Anna grip us. "The Red Nightingale", the Koslinerstrasse, Hermann, Paul, Sergeant Wullner, who had a wife and children and could not stick the job of shooting down unarmed working people,—all these become familiar people and places. We know these workers so intimately that through the days of police attacks, repeated assaults on the alley, our sympathies are with them, rather than with the Law. Anna, though a member of the Social Democratic Party, cared at first only for Kurt and their baby. It was the brutality of the police that made her a fighting Communist. Taken from the street mob by the police, thrown unconscious from a police baton into the van, she had seen grinning, mocking, brutal young policemen beat a comrade till he fell, saw them tramp on his face, kick him in the open mouth in their anger, beat him with their rifles till he died. When near the end of May, Kurt located Anna in a prison hospital, saw her on the first day she was fully conscious after days and nights of fever, she said, and it is significant:

> "At first I only went with the demonstration because I was afraid for you. I didn't know that the 'resistance' against this authority, this State that I always considered 'impartial' something that was above party, is an essential part of the class struggle. Well, my boy, I have learnt that every fight of the workers for their rights must be a fight against this State. When they beat little Willi to death in that police station—Kurt, I grasped what 'State authority' mean!"
>
> "You are not allowed to speak like this, Mrs. Zimmermann", the wardress interrupted.
>
> "Let me go on," Anna said. "In front of the judge I shall say much more. I shall tell him that the people who today hold the power of the State in their hands are nothing but the deadly enemies of the workers, that they use the State power for nothing but to protect the interests of the capitalists and to suppress the rights of the workers. . . I have learnt that on this year's first of May!"

Thus Communists are made. After the three days' struggles the first week of May there were ten workers dead and 150 wounded. Zorgiebel, the Police President himself a member of their own Social Democratic Party, had to go. He had given the cruel orders to enforce the ban on May Day demonstrations by shooting down the unarmed workers wherever they appeared in defiance of that order. No wonder there was not a single social democratic worker who would dare defend him. He seemed primarily responsible for the terrible blood bath. And yet the press announcement of his retirement from public life said: "Those who have had the privilege of watching his work at close quarters know that a warm humanity and the desire to help have always been his leading aim." The workers had found him adamant to all their appeals. Thus Social Democrats become Communists. And men like Kurt Zimmermann, the builder's laborer, become revolutionary leaders without knowing it themselves.

G. T. F.

A Political Who's Who

Political Handbook of The World, 1933 Edition, Edited by Walter H. Mallory. Published by Harper & Brothers for the Council on Foreign Relations, Price: U.S. $2.50.

The 1933 edition of this valuable political Who's Who, and What, has been made even more invaluable than were its predecessors. The information is authentic and complete, and is compressed into a total of 202 pages. Essential political data, such as the names of outstanding members of the government, numerical composition of legislative bodies, party programs and leaders, and the political affiliations and names of proprietors of the press, are given for each of sixty-five different countries. Filling an essential place in the library of every person who has occasion to write on any phase of international affairs this book should also be the means of stimulating a widespread interest in internationalism.

A Catholic View of Napoleon

Napoleon, by Hilaire Belloc; published by J. B. Lippincott Company, Philadelphia & London.

Mr. Belloc is admittedly the world's leading Catholic writer in the English language and his ability in presenting men and matters in an interesting manner had done much to popularize the Papist view of such figures of history as Richelieu, Wolsey, Joan of Arc, Robespierre, and Luther. His life of Napoleon will doubtless enjoy as wide a circulation as any of his previous biographical and historical efforts although it is not as interesting nor as complete as another popular life of Napoleon, by Emil Ludwig, that appeared a few years ago. However, Mr. Belloc's effort repays reading in many respects, but it should never be overlooked that he is presenting a Catholic view of the world-shaking conqueror and statesmen who will live long in human memory as the most intriguing individual from Julius Caesar to V. I. Lenin.

As a good Catholic, Mr. Belloc falls into two errors in discussing Napoleon. First, he attributes much more religion to the Corsican emperor than well authenticated facts warrant. Napoleon, from the best available accounts, had only a cynical contempt for priests or prayers.

but he saw in the Church of Rome—even as Mussolini in modern times—an excellent instrument of social control. Second, Mr. Belloc would have us believe that had Napoleon been even more devout that Mr. Belloc gives him credit for, he would in the end have been more invincible. It is true that Catholicism, along with many other feudal forces, were mobilized against this magnificent warlord of the French Revolution—who, despite the feudal trappings in which he posed, was the historical Nemesis of feudaism,— but Waterloo was far more the result of the bourgeois forces he assisted in unleashing than of the *ancien regime*. The shopkeepers and entrepreneurs of Protestant England rather than the Catholic Bourbons and Hapsburgs spelled Napoleon's doom.

Mr. Belloc, of course, does not overlook the heroic proportions of his subject. "In twenty years," Mr. Belloc writes, "nineteen horses were shot under him. In one action after another men fell at his side. He was the last of those who *before the decline of war into our modern mechanical butcheries*, led with his own body, risking the flesh as do all the obscure by whom victory is achieved." These words admirably summarize the reason for the universal hero-worship of Napoleon; the italics are the reviewer's to draw attention to the medieval mentality of Mr. Belloc.

W. B.

China Prepares for I.P.R. Conference at Banff

The China Institute of Pacific Relations, with headquarters at 123 Boulevard de Montigny, Shanghai, has prepared ten brochures covering subjects to be brought up at the I.P.R. Conference at Banff August 14-27. Among them are: Facing Labor Issues in China, by Lowe Chuan-hua; Chinese Government Economic Planning and Reconstruction Since 1927, by Gideon Chen, dean, College of Public Affairs, Yenching University; The Distribution of Population and Land Utilization in China, by W. H. Wong, Director, The National Geological Survey of China; The Position of China as a Producer of Raw Materials and a Consumer of Manufactured Products, by Djang Siao-mei, The Research Department, Bank of China, Shanghai; The Present Agrarian Problem in China, by Chen Han-seng, Research Fellow of National Research Institute of Social Sciences, Academia Sinica, Nanking, and Fellow of the American Geographical Society, New York; Rural Industries in China, by H. D. Fong, Ph. D., Research Director, Nankai Institute of Economics, Nankai University; China's Industrial Development: Its Problems and Prospect, by C. L. Nieh; China's Diplomatic Relations 1931-1932: a Survey, by Minchen T. Z. Tyau, LL.D. (London).

Recent Pamphlets Received

The editor of *Chinese Affairs*, published at 5 Mao-tan street, Nanking, announced in the June 15 issue under the heading "Tongue-Tied No Longer" that outspoken editorial comments would be a feature of future issues, particularly on the line of what has been achieved by the Chinese in the field of national reconstruction.

"The attempt to Define War" is the title of a brochure issued by the Carnegie Endowment for International Peace, compiled by Clyde Eagleton, Professor of Government, New York University. The writer says it is difficult to define war; the word had better be eliminated.

Anti-War Conference to Be Held in Shanghai Next Month

Lord Marley, one of the few Labor peers and Chief Opposition whip in the House of Lords, departed from London for China July 6. He will preside at an international conference of Pacific groups against war to be held at Shanghai. Delegations from Japan, Canada and the United States will attend the conference. Among the members of the British delegation, will be Miss Ellen Wilkinson, one of the best known women in the Labor movement in Great Britain.

The British newspapers in Shanghai state that careful watch is being maintained in Shanghai over the activities of anti-imperialist propagandists, and it is understood that concerted preparations are being made for adequate precautions in the event of Communist agitators taking opportunity of the forthcoming Conference of Pacific Groups Against War to spread their doctrines.

LATEST INFORMATION

If you are interested in China you must be interested in the latest developments in the following fields:

	In China (Chinese Currency)	Abroad (U.S. Currency)
1. China's Diplomatic Relations (1931-1932: A Survey) ..... By Minchen T. Z. Tyau	.90	$ –.50 cts.
2. China's Industrial Development: Its Problems and Prospect ..... By C. L. Nieh.....	.90	„ –.50
3. Chinese Government Economic Planning and Reconstruction since 1927 ..... By Gideon Chen.....	.90	„ –.50
4. The Distribution of Population and Land Utilization in China... By W. H. Wong	.90	„ –.50
5. The Position of China as a Producer of Raw Materials and a Consumer of Manufactured Products ..... By Djang Siao-mei ...	.90	„ –.50
6. The Present Agrarian Problem in China .... By Chen Han-seng ..	.90	„ –.50
7. Rural Industries in China ..... By H. D. Fong	.90	„ –.50
8. Facing Labor Issues in China ..... By C. H. Lowe	$2.70	„ 1.25

These pamphlets ranging from 12 to 200 pages were written by Chinese specialists in their respective lines. They were prepared for presentation at the Conference of the Institute of Pacific Relations at Banff, Canada. Those desiring copies, should send their orders with draft or postal money-order attached to the undersigned.

THE CHINA WEEKLY REVIEW
38 Avenue Edward VII
Shanghai.

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For speedy relief from coughs, colds, sore throat, bronchitis, asthma and similar affections of the respiratory organs you need the direct treatment of the affected parts which Respiroids can give. Respiroids are vastly superior to the remedies which are merely swallowed and which have no direct contact with the organs that need treatment.

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The use of Respiroids by people who are subject to troubles of throat or lungs in cold weather or at any time is an effective safeguard. Obtainable from all chemists, price $1.00 per bottle. Or by post, $1.20, from The Dr. Williams Medicine Co., 451 Kiangse Road, Shanghai. (Product of The Dr. Williams Medicine Co., London, Toronto, Paris, New York, Singapore, Shanghai, etc.).

The Shanghai "Spectator" and Extrality

To the Editor, *The China Weekly Review*:—

There are at least ninety-two different ways of looking at extrality, and no doubt a fair percentage of them works towards your favorite thesis. However, I am not con cerned with that just now.

What I am concerned with, if you will grant me the liberty of your columns, and what I am even deeply aggrieved over, is that the *Spectator's* prose has not interested you sufficiently for you to read the Asia Realty articles completely.

The basis of your article in your issue this week is that the Asia Realty Company has no recourse against us except in the Belgian court, and this you seem to point out in a way indicating your contempt for such jurisdiction. May I point out to you that the Belgian Law may be compared favorably with that of any other civilized country, and that there is a Belgian court easily accessible here in Shanghai?

However, realizing the handicap that foreign parties may be under through difference in language and unfamiliarity with the legal proceedure as practised in Belgium and in the local Belgian court, the *Shanghai Spectator*, which is writing chiefly about and for the Englisn-speaking community, has been incorporated under the American law, as we stated in our issue of June 29.

Also, the *Spectator* has on its staff two journalists who are American citizens and who cheerfully accept responsibility for what has appeared and what is appearing in the magazine.

Your article therefore is incorrect in stating that the Asia Realty Company has no recourse in regard to our articles, since they are at liberty to take legal action in the American court at any time.

A. W. BEAUMONT,
Shanghai, July 8, 1933. Editor, *Spectator*.

Matsuoka and Japan's Defeat in Geneva

To the Editor, *The China Weekly Review*:—

Yosuke Matsuoka, Japan's chief delegate to the League of Nations, has in an article in the April issue of *The Asiatic Review* attempting to defend Japan's action in Manchuria and North China on and since September 18, 1931. His plea for Japan is indeed well-known to students of Far Eastern affairs; he tries to picture to readers that China, being a place without even a government, is not, in reality, a modern state. Then he goes on to accuse the inability of the Chinese to put their house in order which, according to him, is the cause of the present deplorable situation that is not only threatening the peace of the Far East but the world as well.

Matsuoka was once, as far as I know, Vice-President of the South Manchurian Railway and later served as a member of the Japanese Lower House. He is a man without any great record to speak of until he sudde nly appeared as the chief delegate of Japan to the League. We are told that he was selected for this highly responsible post simply because he has been a great political "fighter" in Japan. He certainly showed his fighting spirit in Geneva but this quality turned out to be detrimental to the interest of Japan as Matsuoka certainly had forgotten that he was not speaking before the Japanese Lower House but to the most enlightened audience of the world of which each and every one of them possessed some knowledge of world affairs. Though the situation in the Far East, of Manchuria in particular, may be complicated, it is not impossible, however, for the average intelligent man to grasp the situation if he only takes pains to look into the problem. It is this psychological error which Matsuoka had made that had come to be realized by many people as one of the great causes of Japan's defeat in Geneva. When he was rambling along in his extemporaneous speeches made in Geneva, he had used words and phrases that were generally unacceptable in diplomatic usage and Matsuoka, after he had made his last expose in which he denounced China and her delegates unmercifully, I heard some delegates in the lobby afterwards saying that he had made a splendid speech for China. For instance he pounded the table when he declared that "the conditions in China are worse than ever, despite the assurance of our Chinese colleagues to the contrary", and in another part of his speech, he slighted many delegates in the League by saying that "several speakers have stated that the League is the life-line of their existence. The statement is, as I understand it, primarily made for the promotion of the self-interest of each individual member."

Matsuoka's central argument has always been that China is not a civilized state and Japan has been the civilizing power in the Orient. It was evident that the delegates assembled to pronounce their judgment on the Sino-Japanese dispute were very much irritated by the haughty spirit of the representative of Japan, for most of them spoke highly of the old and admirable civilization of China and in many instances they even called the Chinese civilization a great achievement and the pride of the human race. As to Matsuoka's condemnation of China's lack of a strong and centralized government, most delegates shared the view of the Commission of Enquiry rather than to believe in him.

TENNYSON TAN

Ezras Plead Guilty, Turn State's Evidence, Hoping for Light Sentences

Judah and Isaac Ezra and Leong Chung, who were arrested in San Francisco over a month ago, pleaded guity, July 5, and, according to recent telegrams from the United States, are giving the American authorities every facility to get at the bottom of the world-wide narcotic operations in which they were engaged, hoping thereby to escape severe punishment. They have two months in which to assist the Government in following up the clues obtained through their confessions, their sentences having been postponed until September 2.

The illegal tea company which was used by the Ezras to cover their narcotic operations is said not to be the only concern that is engaged in smuggling and the sentence of be imposed on the Ezras will depend upon the extent to their co-operation in breaking up the smuggling organizations.

Three of the lesser operatives in the Shanghai ring also pleaded guilty in San Francisco July 5 and asked to be placed on probation, saying they were not leaders and were only enticed into the smuggling business by promises of profits. They are John Rose, Amelia Cuneo and Frank Barris. The latter was the first to break down and divulge details of the smuggling.

Suspected Confederates Under Examination in Shanghai

Lee Tse-liang, 65-year old Ningpoese, better known as the "Morphine King," and one Shun Tse-nan, a native of Wusih, dealer in Chinese medicines, were summoned for an enquiry hearing in Shanghai July 8 on suspicion of their having some connection with the Ezra narcotics dealings in San Francisco. They were released on two shop bails of $15,000 each. The case was remanded pending the arrest of five other men who are alleged to have direct concern in the Ezra operations. According to the the police, a Chinese named Yih King-po smuggled narcotics from Shanghai to San Francisco in the name of a Chinese tea firm called "Tai Loong." Through the introduction of the tea firm, Yih had established connections with the Shanghai Commercial and Savings Bank. According to a statement made by the Ezras in San Francisco, the second Chinese, named Chwang Hai-chong, was also an agent assisting Yih. The third Chinese member of the smuggling ring was Kung Yung-fee, who was the manager of the "Tai Loong" tea firm.

Drug Traffickers in China Take Advantage of Extrality

The Chinese National Opium-Suppression Committee has asked the Ministries of Communications and Finance to participate in discussions on measures for the suppression of the illicit drug traffic on foreign steamers. It is stated that drug traffickers have taken advantage of the extraterritorial rights of foreign steamers to engage in smuggling in drugs. As such vessels are not subject to searches by anti-opuim agents of the Government the importation of narcoties into China is greatly facilitated.

Woman Arrested in Dairen While Trying to Smuggle Drugs

A voluminous obi (sash) around a feminine may serve a more sinister purpose than merely as a belt and a decoration for the kimono, a recent note in the *Manchuria Daily News* stated when reporting June 29 that 800 grams of morphine, worth about Yen 700, were discovered on the person of Mrs. R. Ishimura, by the Dairen Marine Police. The lady, aged 50, plump and bustling, was about to board the *Hoten Maru* for Tsingtao when challenged. There is an export duty on all narcotics out of the Kwantung territory and the woman was attempting to smuggle the drugs out of the port.

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In the United States Court for China

EDWIN WILLIAM NORMAN, Plaintiff.
vs.
DOROTHY IVAN MARY NORMAN, Defendant.

Cause No. 3549
Civil No. 1607
ORDER
Filed at Shanghai, China, July 3rd, 1933
JAMES M. HOWES, Clerk.

The object of this suit is to secure a decree of divorce.

WHEREAS paintiff herein, on the 3rd day of July, 1933, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 3rd day of July, 1933, the Summons for defendant was returned by the United States Marshal for China, "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 3rd day of July, 1933, EDWIN WILLIAM NORMAN, the plaintiff herein, filed an affidavit to the effect that the defendant, DOROTHY IVAN MARY NORMAN, does not reside within the jurisdiction of this Court and that she has not been a resident of this jurisdiction within the past six months.

NOW, THEREFORE, it is, this 3rd day of July, 1933, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, a paper of general circulation most likely to reach defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 22nd day of July, 1933, the last day of publication of this ORDER; otherwise the case will be proceeded with as in case of default.

BY THE COURT: MILTON D. PURDY,
Shanghai, China, Judge.
July, 3, 1933.

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China's Industrial Development---Its Problems and Prospects

BY C. L. NIEH

Editor's Note—This article—which will be printed in installments—dealing with China's Industrial Development is reproduced from a pamphlet intended for presentation at the Fifth Biennial Conference of the Institute of Pacific Relations, scheduled to be held at Banff, Canada, August 14. Mr. Nieh, the author of the pamphlet, who is a delegate to the Conference, is connected with the Heng Foong Cotton Manufacturing Company of Shanghai.

I. INTRODUCTORY

PERHAPS we are all familiar with the Industrial Revolution in England which took place during the latter part of the eighteenth century. Along with it the slow-going methods of the handicraft stage were radically changed, by the introduction of power manufacture, to the new process of machine production of the so-called industrial stage. This period of transition, from 1770 to 1840, the span of a single life, is, after all, a short period from the stand-point of the historian. Yet its changes were so influential that they swept away those methods of production that had been used for centuries and caused profound modifications in social structure in England which foreshadowed a far-reaching significance.

The same phenomenon might be said to be true with China, but a few decades later. In fact, in many respects China's industrialization bears the same results as the industrialization in western countries a century and a half ago. The social and economic effects of this great economic change in England for instance, are to a certain extent reproduced in this land of medievalism. In this conjuncture, however, I am of the opinion that the year of 1842 might be taken as a prelude marking an important epoch in Chinese history. It was the time when contact of the old, self-sufficing Cathay with the commercialized West began to have a profound effect upon her.

Before 1842 China's foreign intercourse was practically confined to one port, Canton, and was carried on under rigid restrictions. After the Industrial Revolution, however, along with other countries, China began to feel effects of the expansion of this industrialized West. That mighty changes should have resulted is but a foregone conclusion.

It is interesting to note that the earliest agent of the new age was England. But upon a second thought we would deem it but logical and consequential, since the Industrial Revolution first began in that country. She dominated the foreign commerce of China during the 19th century, until the so-called Opium War broke out. The latter was concluded by the Treaty of Nanking, the terms of which were the opening of five ports for trade and for settlements (as provided in the Supplementary Treaty of 1843), the origin of the extra-territorial system and the sacrifice of tariff autonomy, all at the expense of thus humiliated China. And this opening up of five ports to foreign commerce paved the way for China's industrialization.

China's industrial development, however, did not begin until in the early sixties. In 1862 the first steamship was built by the Ammunition Bureau in Anching. Three years later the Kiangnan Construction Bureau, now the Kiangnan Dock and Engineering Works, was established. In 1872 the China Merchants' Steam Navigation Company, the first and the only large Chinese shipping enterprise, was organized. Four years later the first railway, the Woosung Railway, was built. The modernization in China's transport was accompanied by similar changes in her manufacturing the mining industries. The first rice cleaning mill was established in Shanghai in 1863, the first silk filature in 1853, the first coal mine in Kaiping in 1878, the first cotton and weaving mill in Shanghai in 1890, the first iron and steel works in Wuchang in 1890, the first match mill in Hankow in 1894, the first oil pressing mill in Newchwang in 1895, and the first flour mill in Shanghai in 1896.[1]

Yet, despite the early beginning in China's industrialization, the opportunity for rapid transformation did not present itself until the World War shut off the supply of foreign goods and gave the native producers the monopoly of a great market, as might be evidenced by the unusual boom enjoyed by and the rapid growth of the cotton and silk industries—two of the largest and most important manufacturing industries in China. Thus, taking 1913 as 100% basis, the quantity increase for cotton spindles was estimated to have reached 371.7% in 1920, and that for filature silk export was estimated to have reached 168.3% in 1919.[2]

Other industries, whether big or small, old or new, also flourished to an appreciable extent. For instance, the coal output increased from 100% in 1913 to 158.9% in 1920; the iron ore output increased from 100% in 1913 to 194.4% in 1920, and the iron output increased from 100% in 1913 to 166.7% in 1920. As coal and iron constitute the two largest mining industries in China, the rapid increase in their output may be taken as an index in the growth of China's mining.[3]

After 1920, industries in China still kept on forging ahead actively, but their growth varied extensively. Thus, for instance, notwithstanding the various adverse conditions both at home and abroad, the cotton manufacturing industry has been found to be still progressing in recent years. A comparison of the following figures will verify this statement:[4]

TABLE I. GROWTH OF COTTON SPINDLES IN CHINA, 1930-31

Year	*Number of cotton spindles, in thousands*	*%*
1920	2,843	100.0
1925	3,570	125.6
1930	4,498	158.2
1931	4,904	172.5

However, the silk industry, due to the world crisis on the one hand and the Japanese competition on the other, has unfortunately received a serious set-back first in 1927 and then since the year 1930. Of the 108 silk filatures situated in Shanghai a great many were forced to close down temporarily or forever during last year. The same remarks refer to the 49 filatures in Wusih and to the 28 filatures in Hanchow, two of the leading silk industry centers in this country besides Shanghai. Still worse were conditions in South China. Kwangtung, the second silk-producing province next to Kiangsu, used to export raw silk to an average annual value of 50 million taels. The falling off in 1932 amounted to about 80%, a tremendous decline.

As a result exports of raw silk from China declined about 75 per cent, when compared with the average value of the preceding ten years, which latter displayed the following totals:[5]

TABLE II. CHINA'S EXPORT OF RAW SILK, 1923-32

Year	*Piculs*	*Haikwan Taels (in thousands)*
1923	138,423	138,919
1924	131,273	108,059
1925	168,018	140,358
1926	168,563	144,444
1927	160,002	128,706
1928	180,186	145,443
1929	189,980	147,681
1930	151,429	109,181
1931	136,186	84,680
1932	76,671	32,539

Due to the effect of the world-wide depression and the unfavorable political situation at home, most of the other industries progressed but slightly in recent years, and quite a few were even forced to undergo the same misfortune as the silk industry just mentioned.

A question may be asked then: How far has China been industrialized on modern lines?

Strictly speaking, China has been "industrialized on modern lines only to an insignificant extent."[6] It is an

1 Fong, H. D.: *China's Industrialization, A Statistical Survey*, pp. 1-2.

2 *Ibid*, Table Ib.

3 *Ibid*, p. 3.

4 Chinese Cotton Millowners' Association: *Complete List of Cotton Mills in China*, 1932.

5 Kann, E.: *China in 1932*, Shanghai, pp. 25-26.

6 The *China Year Book*, 1932, "Report of the British Economic Mission to the Far East," p. 190.

established fact that the economic balance in China of primitive farming methods and domestic handicraft industry which persisted through these many centuries has now broken down as a result of its impact with the West. "But, the manifestations of modernism in China are still of a spotty nature and not general. They do however connote a refreshing state of receptivity on the part of the Chinese people to modernizing influences."[7] Of course "this fact combined with the nationalistic movement which is evident throughout the length and breadth of the country promises much indeed for the future of China."[8] But how? Or, what will become of China's future industrialization? In other words, what will be the prospect for her industrial development in the future?

Before attempting to frame any answer to the above questions, I wish to draw my readers' attention to a number of the fundamental problems that are confronting present-day China's industries and which together have a vital bearing upon her industrial future.

II. FUNDAMENTAL PROBLEMS RELATIVE TO CHINA'S INDUSTRIAL DEVELOPMENT

I. Labour

Supply and Unemployment. In respect of the numerous problems that are essential to China's industrial development, the problem of labour commands our primary consideration. Though there is a great dearth of data regarding labour in China, yet it is an acknowledged fact that labour supply is by no means scanty in this country. Even it has been estimated that about 80 per cent. of China's total population belongs to the farming class, even it has been shown that China's industrialization is confined chiefly to six provinces,[9] the effect of the spread of the modern factory system is so great that its influence is gradually extending into the neighbourhoods of the industrialized areas,[10] and that, with the concentration of population in these industrial centers, there always seems an excessive supply of human resources. Of course the growth of trade and industry in the cities calls for the concentration of workers, which naturally hastens the city-ward drift of population.

It is generally asserted that the Chinese are instinctively an industrious people, that Chinese labour is both quick and intelligent, and under favorable conditions quite, if not very, efficient. However, this does not imply that this enormous force of labourers are mostly skillful hands; on the contrary a great many of them are found to be recruits, unskillful and not at all well-trained.

We may logically infer then that, from an oversupply of labour, competition and unemployment naturally result. Although accurate index on unemployment in China is lacking, its severity is but obvious. The percentage of unemployment among the organized workers in Shanghai, for instance, was estimated at 7.19 in 1928 and 6.45 in 1929.[11] But these estimates do very little justice to the whole subject of unemployment in this country. Suffice it to say, however, there is every reason to believe that the number of unemployed in China is ever on an upward trend, and that so far as I know no way has yet been devised for its prevention[12]

Disputes and Strikes. Labour disputes and strikes are but natural outgrowths of modern factory system. The chief causes in order of their frequency for disputes between the factory owners and their employees, and the resultant strikes, are found to be, first, the question of wages; second, the dismissal of employees; third, dissatisfaction with factory and working conditions; and sympathy with strikers in other factories or other industries a poor fourth. The question of wages will always be a bone of contention in China as elsewhere; but the dismissal of employees as a cause for disputes and strikes has a special significance in China possibly not realized by some factory owners. Apart altogether from the question of labour-unionship and workers standing by each other, there is a strong feeling in the Chinese mind against dismissing a delinquent employee. He or she may be punished, but it is only a very serious offence which should be dealt with by dismissal, since this is

7-8 Arnold, J.: *China Through The American Window*, p. 13.

9 Namely: Kiangsu, Liaoning, Hopei, Kwangtung, Shantung and Hupeh. See Fong, H. D.: *China's Industrialization*, pp. 30-32.

10 Lamson, H. D.: "Effect of Industrialization upon Village Livelihood," in *Chinese Economic Journal*, October, 1931.

11 Fong: *China's Industrialization*, p. 37.

12 For detailed discussion read the *China Year Book*, 1931, pp. 521-24; Tao & Lin: *Industry and Labour in China*, World Social and Economic Journal, Dec., 1931; Fang, F. A.: *Chinese Labour*, Chapter VII.; etc.

In the United States Court for China

LAWRENCE A. SYLVIA
Plaintiff,
vs.
MARGARET D. SYLVIA
Defendant.

Cause No. 3548
Civil No. 1606
ORDER
Filed at Shanghai, China
June 22nd, 1933
L. T. Kenake,
Asst. Clerk

The object of this suit is an action for Divorce

WHEREAS, plaintiff herein, in his attorneys, has this 21st day of June, 1933, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 21st day of June, 1933, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 21st day of June, 1933, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since the past 3 years, and that defendant's last known address was 67½ Pleasant Street, Cambridge, Massachusetts.

NOW, THEREFORE, it is this 22nd day of June, 1933, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW" Shanghai, China, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 15th day of July, 1933, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

this 22nd day of June, 1933.

MILTON D. PURDY,
Judge.

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looked upon by the Chinese as depriving the delinquent of his or her means of livelihood. Thus in the old days, a servant of an official or even of a member of the gentry might be given corporal punishment for an offence, but was seldom dismissed. A servant or employee might leave of his own accord, but to be dismissed was considered a punishment far beyond the deserts of almost any misdemeanour. Here is what the traditional conception of "saving-face" deeply embodied. Of course, the present trend of feeling is definitely against any such thing as corporal punishment, but there still lurks that prejudice against dismissing an employee, and in view of this, employers of labour would do well to avoid as far as possible this method of dealing with a delinquent, which is so extensively used under the Western system.[13]

Strikes are not infrequently the result of propaganda of the communistic elements in China, especially of a certain class of student[14] and these are harder to deal with than others where the workers have, or think they have, a legitimate grievance. However, such causes for stoppage of work will decrease, I think, as our Government gets stronger, and though serious at the moment, they cannot be looked upon as anything more than a transient phase.

While labour in China, like that of any other industrial area the world over, is at times difficult and troublesome, it certainly cannot be said to be more so than any other; it is, nevertheless, on the whole, a matter for congratulation that disputes when they arise are generally settled as quickly and easily as possible. And I am glad to say, too, that fewer disputes and strikes were reported during the past two years than previously.[15]

Wages, Hours of Labour, and Cost of Living. Wages and hours of labour constitute another problem for labour. The problem of wages in China, being heterogeneous in character, is very complicated. Wages of the industrial workers vary according to locality, custom, occupation, industry, sex, age and experience of the labourers. To a more or less extent, the above statement is applicable to the question of hours of labour. But the hours problem is further complicated by the following factors, namely: climatic conditions, midnight labour, rest days, and holidays.[16]

Not only is there a different system of payment as well as rate in every factory, but also the daily working hours vary from industry to industry. That the wages are low and the hours long have been shown by the Ministry's recent investigation, according to which the commonest money wage per month in 29 industrial cities in nine provinces runs from ten to fifteen dollars, and the commonest hours of work per day reach ten.[17] Minimum wages, however, may be very low, but they are hardly worth considering for they only affect beginners and learners, who soon get increased wages according to their capacity to learn.

Side by side with the question of wages, a brief review on the cost of living among the working families or individuals seems worthwhile; because from the data on income and expenditure, certain general observations may be made respecting the prosperity or destitution of the workers and their families. And as most of their income is derived from wages, an inference may be drawn as to whether or not the wages are adequate to maintain the workers and their families in decency and health.

As to the changes in the cost of living in certain cities, the situation is to a limited degree revealed by the index numbers, as the cost of living index numbers for Shanghai, Peiping and Tientsin; and the retail price of food index numbers for Nanking and Canton. But it should be pointed out that the base period of these index numbers is not the same, nor is the method of constructing the index numbers.[18] The details are shown in the following table:

TABLE III. INDEX NUMBERS OF RETAIL PRICES AND COST OF LIVING IN LEADING CITIES

	Nanking 1926—100.0	*Canton* 1926—100.0	*Shanghai* 1926—100.0	*Peiping* 1927—100.0	*Tientsin* 1926—100.0
1926	100.0	100.0	100.0	102.0	100.00
1927	119.0	103.8	106.7	100.0	108.59
1928	122.8	107.6	102.5	101.6	113.29
1929	128.0	108.4	107.9	106.5	116.28
1930	134.6	114.2	121.8	109.6	121.50
1931	—	—	125.9	95.8	110.35

In spite of the fact that the cost of living in Peiping and Tientsin is found to be lower in 1931 than the previous year, and that the same thing was true in Shanghai last year,—being nearly 7% lower than in 1931[19]—still it has been found that the wages are in most cases insufficient to maintain the workers and their families in physical fitness as well as in working efficiency. It has been further pointed out that "in a small number of factory workers, the husband earns enough to support himself and his wife," that "on the whole the family income is small, and as the chief source of income is derived from wages, it is reasonable to conclude that the ages are inadequate."[20]

By and large, the majority of the industrial workers in China realize that they are being placed in a precarious situation, for they know that their expenditure is greater than income, and that their wages are unusually low; so in many strikes the principal demand is for an increase in wages, as I have referred to above in connection with labour disputes and strikes. As a matter of fact the persistent demand of the workmen for wage increase finds sympathetic support in the Factory Act of 1929 which states in Article 20 that "minimum wages of the workers shall be determined in accordance with the living conditions prevalent in the various localities in which the factories are established." But this article cannot be enforced, until a national cost of living survey or several large-scale regional surveys to cover the leading commercial and industrial areas are conducted as basis for the determination of minimum wage rates. If national minimum wage rates were established, China could satisfactorily comply with her obligation to the International Labour Organization for her ratification in March, 1930, of the Minimum Wage Convention. Internally, China could also improve the economic and social well-being of the working population through an effective increase of wages. One conclusion seems inevitable, i.e., wages must be generally raised if social and industrial peace is to be maintained. As a preliminary step to the elevation of the wage level, comprehensive field surveys on the cost of living of the workers are essential.[21-22]

Welfare, Woman and Child Labour. Another problem of labour is the welfare of the labouring class. The risks of labour, arising from unemployment, accident and occupational disease, have begun to multiply in modern industries without new means having been devised for their prevention or compensation. In modern mills such as cotton spinning and weaving, flour milling, etc. the workers are frequently subject to accidents in view of the common disregard for the fencing of machinery. Trachoma and tuberculosis, as occupational diseases, are common in carpet weaving and cotton spinning and weaving respectively; so also was necrosis of the jaw in match making before the prohibition of the use of yellow phosphorus in 1925.

Industrial welfare service in the country as a whole is rarely met with. The living conditions of the workers are too deplorable to think of. On the whole, it can be said that the factories in China have but inadequate provisions for the protection of the workers' health and safety.

Chinese workers are pitifully deficient in adequate means of education. It is estimated that about 95 per cent. of China's labouring class are illiterate. Illiteracy breeds ignorance, and constitutes one of the main obstacles to attaining working efficiency. In view of the need of well disciplined or skillful labour, proper education is of prime importance.

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18 "Labour in Shanghai," in *The China Journal*, May, 1930, pp. 287-8.

14 It is of interest to note here a sentence that appeared in the *Chinese Economic Monthly*, Vol. 3, No. 3, p. 108, which reads as follows: "The students played a considerable part in leading the agitation, creating general labour unrest throughout the country."

15 For more detailed discussion see the *Chinese Year Book*, 1932, pp. 496-9; Fang, F. A.: *Chinese Labour*, Chapter VI; *The Chinese Economic Monthly*, Vol. 3, No. 3, pp. 103-8, and No. 10, pp. 444-8.

16 Chen, T.: "Labour," in the *China Year Book*, 1932, p. 499.

17 Ministry of Industry, *Bulletin on a National Survey of Industry and Labour*, No. 1.

18 Chen: *Ibid*, p. 502.

19 "The cost of living in Shanghai last year was nearly seven per cent. lower than in 1931, judging from the price indexes published by the National Tariff Commission. Among the broad classifications upon the basis of which costs are calculated the only increase was in housing."—*Finance and Commerce*, Shanghai, Vol. 21, No. 7 p. 183.

20 Chen, T.: "Labour," in the *China Year Book*, 1932, p. 503.

21 *Ibid*, pp. 503-4.

22 For fuller discussions upon these subjects, the following books are recommended: Tao, L. K.: *The Standard of Living Among Chinese Workers*; Chen, T.: "Labour," in the *China Year Book*, 1932, Chapter XVIII; Fang, F. A.: *Chinese Labour*, especially Chapter IV.

In modern industries the replacement of handicraft by machinery reduces the erstwhile craftsman to machine tender in some cases, but in most cases creates a new class of labour composed chiefly of women and children for the selfsame task, which often requires but little skill or strength. In the national survey on industry and labour covering 29 cities, in 9 provinces, by the Ministry of Industry in 1930, out of the total number of 799,912 workers, 372,837 or 46.6% are female labourers, while child labour constitutes 6.9%, or 54,905 in absolute numbers.[23] The significance that the employment of child and woman labour creates is both social and economic. To copy the words of Dr. H. D. Fong.[24] "Socially their employment affects national health and vitality, especially in China where the new factory law, providing for eight hours work, a minimum age of 14, two months rest with pay for motherhood and prohibiting night work among child and woman labour, has not yet been enforced. Economically, the employment of child and woman labour has the tendency of depressing the wages if not of replacing the employment of adult males. Chinese labour, in the absence of minimum wage or family allowance laws, has no means or redress from this evil of underpayment."

Labour Legislation. Because of the labour problems that modern industries create, attempts have been offered by the Government and other interested parties towards their solution. Labour legislation,[25] a result of such attempts, is therefore a new thing in this country. In this respect the National Government has passed five laws—namely, the industrial disputes act of 1928 and 1930, the factory law of 1929, the labour union law of 1929, the collective agreement act of 1930 and the factory inspection law of 1931; but much depends upon the effectiveness with which these laws are to be administered. It is known, too, that the Government is contemplating drafting a labour insurance law to protect the welfare of the workers by requiring them to be insured against the risks of sickness and death.[26] "The factory law and the factory inspection law, applying as they do only to factories employing thirty or more workers and driven by mechanical power,[27] are a little too narrow in scope, and have not yet been put into effect because of practical difficulties."[28]

The above-mentioned laws have been regarded by many, industrialists as well as economists, to be too idealistic and too much divorced from the existing conditions prevalent in all factories. It has even been pointed out by the experts that the lack of qualified inspectors and the absence of birth certificates to ascertain the age of the workers constitute but two of the numerous handicaps to their enforcement.[29]

Furthermore, Dr. Chen Ta, an authority on labour problems in China, did not hesitate to make such a remark: "But how far these laws are applicable to the economic and social situation now prevailing in the country and can therefore bestow noteworthy benefits to the common people, few are in a position to answer." "To some," he continued, "the initial step should be taken with the Factory Act as it attempts to regulate working conditions in the factories. It is then pertinent to examine the Factory Act, and problems of its enforcement, as the National Government finally set August 1, 1931, as the date of enforcement. In the summer of 1931, a factual study of the applicability of the factory law to the Shanghai area was made.[30] The results of the survey, though defective in certain aspects, may throw light on the obvious discrepancy between the idealism of the law and the actual socio-economic situation which the laws seek to govern. The study indicates certain preliminary steps to be taken for the gradual enforcement of the act."[31]

I do not profess to denounce the imperfection of these factory laws, but am only desirous of pointing out that promulgation of these laws is one thing while their

23 Ministry of Industry, *Bulletin on a National Survey of Industry and Labour*, Nos. 1 & 2; and Chen, T.: "Labour," *Ibid*, pp. 504-6.
24 Fong, H. D.: *China's Industrialization*, p. 38.
25 Read Fang, F. A.: *Chinese Labour*, pp. 128-85; Chen, T.: "Labour," in the *China Year Book*, 1932, pp. 506-10.
26 *Finance and Commerce*, Vol. 21, No. 6, p. 155; No. 9, p. 249.
27 Factory Law, Chapter I, Clause I: "This law shall apply to all factories driven by steam, gas, electricity or water power, regularly employing workers thirty or more in number."
28 Fong, H. D.: *China's Industrialization*, p. 89.
29 Read *North China Daily News*, Shanghai, January 15, 16, 17 and 29, February 8 and 28, 1931.
30 Chen, T.: "Study of the Applicability of the Factory Act of the Chinese Government: A Preliminary Survey of the Shanghai Area."
31 The *China Year Book*, 1932, p. 507.

What Does Your Mirror Tell You?

Do you see a face that is happy and contented? Or is your reflection lined with ill-health and pain? Every time you feel unwell the results are left on your face and the cumulative effect mars your good-looks, makes you look old. To preserve your youth and good looks you must build up vigorous health. And to effect this the first step is to rehabilitate your blood stream which has most probably become depleted, thin and impure. Start on a course of Dr. Williams' Pink Pills, the blood-creating, nerve-restoring tonic.

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The National City Bank of New York, Rates of Exchange

Shanghai, July 12, 1933.

Demand selling rate on America:	U.S. $100=Sh. $389.70
Demand buying rate on America:	U.S.$100=Sh. $386.13
Demand selling rate on London:	£1.0.0=Sh. $15.934
Demand buying rate on London:	£1.0.0=Sh. $15.673

applicability and enforcement is another. Unless drastic revisions—based on a large-scale scientific investigation with a view to adapting them to the conditions and temperaments of the people thus involved—be made upon these laws, little benefit, I am afraid, will be derived from their enforcement and little success will they achieve either on the part of the laborers or of the employers.

Labor Organization. Side by side with the labor legislation is the rise of labour organization.[32] An investigation completed by the Ministry of Industry in 1930 reported a total of 576,250 union workers in nine provinces. The workers of most of the main industries are organized into labor unions; but while strikes take place, it is seldom that they last very long or become as bitter as they do in most countries to-day, which argues well for both the workers and the employers. Yet unionship itself is not a thing to be discouraged. It is important, however, that the object of all labour unions should be to promote the efficiency of the workmen, to improve their living and working conditions, and to better their social and economic status, but should not be the fulfillment of the ambition for personal gain or lust. Failing this, it is more profitable for the workers to be without a labour union than with it.

Conclusion. All in all, as an effect of industrialization, labor problems in China are becoming not only many in number but also kaleidoscopic in presentation and complicated to solve. If vitality and efficiency of the laborers be taken into consideration, if China's industry and labor are to prosper and society to enjoy peace, not only should the above problems be seriously studied, but the following remarks, in the words of Dr. Chen Ta.[33], should borne in mind in order to insure a more fruitful solution:

"A general tendency to-day is to imitate the tactics of the labor movement of the West. Certain practices may have been successful for the struggle between capital and labor in Europe or America but may yet be ineffective in China. Trade union methods and practices of western countries should be so modified as to suit economic and social conditions in China. The 8-hour working day should not be blindly advocated when the 10-hour day would in many cases be a blessing to the workers. It is useless to agitate blindly for labour co-partnership in industry when the majority of the workers are still illiterate and care little for such privileges."

32 Fang, F. A.: *Chinese Labour*, Chapter V.; the *China Year Book*, 1932, pp. 493-6.

33 Chen, T.: "The Labour Movement in China," in International Labour Review, Gineva, March 1927, pp. 362-3.

(To be continued)

Real Estate Review of the Western Area, by Realty Investment Company

Trading and prices have been steady during the past month, in both the Western district of the International Settlement, and the residental area of the French Concession.

The large dance hall and shops at the corner of Yu Yuen and Jessfield Roads at Bubbling Well, is advancing rapidly and looks quite imposing. A very large new development, of what will probably be Chinese hongs, is taking place on Ferry Road, South of Robison Road, on an area of approximately 7 Mow of land. The new market in this vicinity is already open on the ground floor, and the second floor is having the finishing touches put in.

The big block of Chinese buildings on Chengtu Road, South-East of the Country Club, appears to be up to roof level, and the housing capacity will be enormous.

RECENT SALES

2 Mow 3 Vacant Land Chinese Title Deed Route Boissezon Tls. 41,000. lot.

5 Mow 3 Vacant Land on Hungjao Road opposite Columbia Road Tls. 7,500.00 per mow.

A Chinese developed property on Weihaiwei Road area 3 Mow 8.5.2. Title Deed $300,000.00.

A 5 Mow lot of Vacant Land McLeod Road Tls. 2,100.— Chinese Title Deed.

A 4½ Mow lot of Vacant Land McLeod Road approx. Tls. 2,050.— Chinese Title Deed.

Insurance Squabble Over China Cotton and Wheat Shipments

The Reconstruction Finance Corporation during the week become involved in a battle over the insurance on the U. S.$50,000,000 shipments of cotton and wheat to China. The Chinese Government early in the month had awarded the insurance to the American Asiatic Underwriters and associates, the American Foreign Insurance Association and the Insurance Company of North America. The insurance firm of Seibels and Collins in New York, representing the cotton insurance group, asked to have the insurance written in the United States.

Latest New York Stock Exchange Quotations

Market—Easy **Business Done 5,280,000 Shares**

July 12, 1933

1932-3 High	Low	Div.$ per Sh.	STOCKS	Mon. Jul. 10	Tue. Jul. 11
118¼	1⅝	—	Adams Express	12¾	12½
83⅝	42½	*6.00	Allied Chemical & Dye	129¾	126½
25⅞	4	—	Allis Chalmers	24⅜	Unq.
95½	29⅝	4.00	American Can	93¾	94⅞
19⅝	2	—	American & Foreign Power	18¼	17¾
41½	5	—	American & Foreign Power 7% Pfd.	37	36
18	1⅛	—	American & Foreign Power Warr.	12¼	12
20⅞	1½	—	American Metal Co.	19⅝	19⅜
38⅝	5⅛	—	American Smelting	37⅝	36½
137¾	70¼	9.00	American Telephone & Telegraph	131½	130
98¼	44	5.00	American Tobacco "B"	90⅞	90¼
40½	11	1.00	American Waterworks	40⅛	38⅝
21¼	3	—	Anaconda Copper	20½	19⅞
18½	4¼	—	Atlas Corporation	18	17⅛
15⅝	28¾	2.00	Auburn Automobiles	67½	68
37	3¾	—	Baltimore & Ohio	34⅜	34¼
48⅝	7¼	—	Bethlehem Steel	46¼	45⅞
36⅞	18	1.60	Borden Company	36⅛	35⅝
21¼	3⅜	—	Borg Warner	20¼	20
20⅝	7¼	—	Canadian Pacific Railway	19¼	18⅞
99	16¾	—	Case, J. I.	96½	95
47⅞	19	1.40	Chase National Bank	38	32⅝
50¾	4⅞	2.00	Chesapeake Corp.	48	46¼
88½	5	—	Chrysler	36¼	35½
26⅞	4½	.80	Columbia Gas & Electric	26½	25⅞
7⅝	1⅜	—	Commonwealth & Southern	5⅝	5¼
68¾	31½	3.40	Consolidated Gas of N. Y.	61½	60
19	3⅝	—	Continental Oil	18¼	17⅞
82	24¾	3.00	Corn Products	79⅝	80
7½	1½	—	Coty Inc.	7	6¾
8¾	⅞	—	Curtiss Wright Company	3¾	4¼
18⅝	5	.75	Douglas Aircraft	16½	16⅝
61½	23	3.00	Drug Incorporated	59¾	59¾
83¼	22	2.00	Du Pont de Nemours	80	79
87⅞	35¼	3.00	Eastman Kodak	82½	83¾
48	5	6%S	Electric Bond & Share	37⅝	36⅝
16	2¾	—	Electric Power & Light	14¼	15
5⅞	⅞	—	Fox Film "A"	4⅝	4⅝
9⅝	2⅞	—	General Aviation	8½	8⅞
30	8½	.40	General Electric	29¼	28¼
40½	19⅝	1.60	General Foods	28¼	27½
33⅝	7⅝	1.00	General Motors	33⅝	32½
49½	6½	1.00	General Railway Signal	45½	45
25¼	8¼	1.20	Gold Dust	25¼	25
39⅞	5½	—	Goodyear Tire & Rubber	38½	40⅝
38⅝	3⅝	—	International Cement	37	37
44⅜	10⅝	.60	International Harvester	42¾	42½
20⅝	3½	—	International Nickel	19⅝	19
20¼	2⅝	—	International Telephone & Telegraph	19¾	19
57	10	—	Johns Manville	54	54
25⅝	4⅞	—	Kennecott	24⅝	23⅝
78½	30½	2.40	Lehman Corporation	76¾	76
96¼	34⅛	*4.00	Liggett & Myers, "B"	93⅝	93
37¾	9	1.00	Loew's: Inc.	27½	26¼
24⅝	9	1.20	Lorillard P. Co. (Com.)	23⅝	23½
28½	3¼	—	Montgomery Ward	27⅝	27
64½	19¾	1.00	National City Bank (bid price)	37	36¼
57¼	8¾	—	New York Central	54¼	53½
43¼	12⅜	8c%S	North American Company	35⅛	34¼
87	16⅞	2.00	Pacific Gas & Electric	31	30⅝
6⅞	1½	—	Packard Motors	5⅞	5¾
40¾	8¼	.50	Pennsylvania Railroad	38½	38
6	1	—	Pennroad Corporation	5⅞	5½
17½	2	—	Phillips Petroleum	16⅝	16⅜
60	28	2.80	Public Service of N. Jersey	54⅝	55¾
13½	2½	—	Radio Corporation	12⅛	11
7¾	1	—	Radio-Keith Orpheum	5¼	4⅞
49⅞	26½	3.00	Reynolds Tobacco "B"	49⅛	49
45⅝	9⅞	—	Sears Roebuck	43⅝	43
11¼	2½	—	Shell Union	10¼	10
23½	2¾	—	Simmons Company	23	23½
15½	5½	—	Socony-Vacuum Corp	14½	14½
32¾	15¾	2.00	Southern California Edison	26	26¾
34¼	5¼	—	Standard Gas & Electric	20⅝	19⅝
40¼	19⅞	1.00	Standard Oil Co., of N. Jersey	38⅞	39⅛
28¼	9¼	1.00	Texas Corporation	26⅝	26¼
34¼	12	1.00	Texas Gulf Sulphur	33⅛	33⅜
8½	2¼	—	Trans America	7⅞	7⅞
44¾	15½	1.00	Union Carbide & Carbon	44	43⅞
131¾	27¾	6.00	Union Pacific	125¼	128½
39⅝	6¼	—	United Aircraft & Trans.	37⅛	37¼
14¼	3½	—	United Corporation	13½	13⅛
24	9¼	1.20	United Gas Improvement	23¾	22
15¾	1¼	—	U. S. Rubber	14⅝	15
66	21¼	—	U. S. Steel	65¼	63⅝
49⅝	11	2.00	Universal Leaf Tobacco	48¾	48
29	5¼	—	Vanadium	28½	29¾
8	½	—	Warner Bros. Pictures	8	8⅛
55⅞	15⅝	—	Westinghouse E. & M.	53¼	52½
50	22	2.40	Woolworth	48¾	48

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